UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD Annual Report

2005

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About UNCTAD

The United Nations Conference on Trade and Development was established as an organ of the General Assembly in resolution 1995 (XIX) of 30 December 1964.

The Conference is normally held every four years. The eleventh session of the Conference (UNCTAD XI) was held in June 2004 in São Paulo, Brazil, under the presidency of Celso Amorim, Minister of External Relations of Brazil.

The Trade and Development Board (TDB), which is a permanent organ of the Conference, meets in an annual regular session and in executive session several times a year.

President of the TDB, 2004–2005, H.E. Ms. Mary Whelan (Ireland)

President of the TDB, 2005–2006, H.E. Mr. Ransford Smith (Jamaica)

The Working Party on the Medium-term Plan and the Programme Budget of the TDB held two sessions in 2005:

Forty-fourth session, Geneva, 31 January – 2 February 2005
Chairman: H.E. Mr. Enrique Manalo (Philippines)

Forty-fifth session, Geneva, 12–15 September 2005
Chairman: Mr. Dmitri Godunov (Russian Federation)

There are three Commissions of the TDB, which in 2005 convened the following expert meetings:

	President/Chairperson, 2005
Commission on Trade in Goods and Services, and Commodities Ninth session, Geneva, 14–18 March 2005	Mr. Dacio Castillo (Honduras)
Expert Meeting on Trade and Development Aspects of Professional Services and Regulatory Frameworks Geneva, 17–19 January 2005	H.E. Mr. Fernando de Mateo (Mexico)
Expert Meeting on Strengthening Participation of Developing Countries in Dynamic and New Sectors of World Trade: Trends, Issues and Policies, Geneva, 7–9 February 2005	H.E. Mr. Hardeep Puri (India)
Expert Meeting on Methodologies, Classification, Quantification and Development Impacts of Non-Tariff Barriers, Geneva, 5–7 September 2005	H.E. Mr. Enrique A. Manalo (Philippines)

	President/Chairperson, 2005
Expert Meeting on Dynamic and New Sectors of World Trade Geneva, 24–26 October 2005	H.E. Mr. Eddi Hariyhadi (Indonesia)
Expert Meeting on Distribution Services Geneva, 16–18 November 2005	H.E. Mr. Y.F. Agah (Nigeria)
Commission on Investment, Technology and Related Financial Issues, ninth session, Geneva, 7–11 March 2005	H.E. Mr. Love Mtesa (Zambia)
Expert Meeting on the Impact of FDI on Development Geneva, 24–26 January 2005	H.E. Mr. Enrique Manalo (Philippines)
Expert Meeting on Positive Corporate Contributions to the Economic and Social Development of Host Developing Countries, Geneva, 31 October – 2 November 2005	H.E. Mr. W.C. Strommen (Norway)
Expert Meeting on Capacity Building in the Area of FDI: Data Compilation and Policy Formulation in Developing Countries Geneva, 12–14 December 2005	Mr. Ralph Kozlow (United States of America)
Commission on Enterprise, Business Facilitation and Development Ninth session, Geneva, 22–25 February 2005	Mrs. Sarala Fernando (Sri Lanka)
Expert Meeting on Trade Facilitation as an Engine for Development, Geneva, 21–23 September 2005	H.E. Mr. Juan Antonio March (Spain)
Expert Meeting on ICT and Tourism for Development Geneva, 30 November – 2 December 2005	Mr. Noah Elkin (United States of America)
Expert Meeting on Enhancing Productive Capacity of Developing Country Firms through Internationalization Geneva, 5–7 December 2005	Mr. Hussam Al Husseini (Jordan)
Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting Twenty-second session, Geneva, 21–23 November 2005	Mr. Aziz Dieye (Senegal)

Facts and figures, 2005

Regular budget (financed through the United Nations Programme Budget)

Estimated expenditures:	$56.5 million

Technical cooperation expenditures: (includes UN Development Account and Regular Programme of Technical Cooperation)	approximately $30 million

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Message from the Secretary-General of UNCTAD

UNCTAD had an eventful year in 2005, when trade and development figured prominently in the headlines and in international debates. The tragic series of natural disasters that struck last year, coupled with the 2005 World Summit, the WTO's Ministerial Conference in Hong Kong (China) and the ongoing UN reform, all resulted in growing awareness of, and commitment to, the international development goals.

As this latest edition of our Annual Report shows, UNCTAD played a major role in this interconnected series of processes, pinpointing the interactions needed among trade, investment and technology to reach the MDGs, analysing economic trends and developing policy recommendations on how developing countries in particular should respond. Our focus on coherence, reinforced at UNCTAD XI in São Paulo, has begun to bear fruit, as we move towards greater coordination and cooperation both within the UN system and with other global partners. Our flagship reports helped to stimulate international debate on some challenging issues facing developing countries in attracting and benefiting from foreign investment and on how to maintain global macroeconomic stability. We also brought out an innovative analytical tool, the Trade and Development Index, which holds great promise for helping to understand the relationship between trade progress and human development.

I am especially pleased with the quality and quantity of our technical cooperation on the ground, including at the country level, as this is one of the most immediate ways in which our work can have an impact on our member States. These projects range from boosting trade in biologically diverse products and advising on competition policy to information and communications technologies, human resources development and trade facilitation. At the same time, we have looked closely at how to plough the gains from rising South–South and global trade back into national development, investment in infrastructure and education, and capacity-building. We have also strongly advocated the need for aid for trade to help developing countries build supply capacity and cope with the costs of implementation and adjustment to trade reforms, including in relation to the negotiations. This is particularly important in Africa and the least developed countries.

This year we will be holding the Mid-term Review of UNCTAD XI. I am confident that this report will contribute to that process with its frank and serious assessment of what UNCTAD has done to implement the outcome of that conference. Finally, I hope that both the report and the review process will help to strengthen our role and impact, making the organization more focused and results-oriented, as part of our contribution to the overall UN reform.

S. Panitchpakdi.

Supachai Panitchpakdi
Secretary-General of UNCTAD

Part One

Overview

The role of trade in reducing poverty and in promoting development was high on the international agenda in 2005. Against a background of catastrophic natural disasters in many regions of the world, the international community sought to achieve a better and safer world for all through shared global prosperity. Much of the effort focused on the Five-Year Review of the Millennium Declaration conducted by the largest ever World Summit, held in September 2005. There were other events — notably the World Trade Organization's Ministerial Conference in December and the World Summit on the Information Society in November — in which development was a key component of the deliberations and outcomes.

The President of the General Assembly, in his end-of-year message, concluded that "2005 had been a year of progress on many fronts, not least on development. Welcome new commitments were made on aid and debt and some progress was made on trade...in Hong Kong. Needless to say, there is much more to be done. A major focus in 2006 must be to ensure that our commitments to development are implemented."

UNCTAD contributed to this endeavour by highlighting:

- The need to make the process of globalization as development-friendly as possible;
- The need for special measures for those countries with the greatest difficulties;
- The need for policy coherence between the national and international levels and among the interrelated issues in the areas of trade, finance, investment, technology and development.

UNCTAD's analytical work, its consensus-building, its flagship publications and its support for capacity-building were all devoted to meeting these objectives, which are reflected in the São Paulo Consensus. Box 1 provides an overview of selected trade and development problems central to UNCTAD's current work.

1. The 2005 World Summit

The Summit was perhaps the most important United Nations event at the level of Heads of State and Government since the creation of the organization, covering the entire range of present and emerging challenges facing the world community.

The Summit recognized that development is part of the collective security system and that economic issues are essential in the post-conflict recovery and development process. In its effort to bolster international support for poverty reduction, it highlighted crucial development-related areas, including trade, investment, debt, science and technology, countries in special situations and South–South cooperation.

As the Secretary-General of UNCTAD reported to the Trade and Development Board in October 2005, these are all "key areas falling within the purview of UNCTAD and are covered extensively in

the São Paulo Consensus. The fact that they have been reiterated at the highest political level should encourage UNCTAD to address them more forcefully…"

UNCTAD contributed to the World Summit preparatory process by identifying how trade, investment and technology can contribute to the achievement of the internationally agreed development goals.

- At their annual sessions early in 2005, each of the three TDB Commissions and the Commission on Science and Technology for Development considered how UNCTAD could enhance its contribution to the achievement of internationally agreed development goals, including those contained in the Millennium Declaration, namely the Millennium Development Goals (MDGs) (see box 2).

Box 1. A synopsis of selected trade and development problems

- UNCTAD has estimated that developing countries could gain up to $300 billion annually from trade liberalization in agriculture, manufactures and services. However, the gains are likely to accrue to those enjoying a competitively advantageous position. How can other developing countries not be left behind?
- Most African countries depend on two or three primary commodity exports for most of their foreign exchange earnings. How can their external performance be improved, their external indebtedness reduced and foreign investment attracted in conditions of perpetual short-term instability of primary commodity prices?
- An open, equitable, predictable and rule-based multilateral trading system is in the interest of all. But for trade to accelerate growth and fight poverty, development considerations need to be fully integrated into the principles and workings of the multilateral trading system, and especially those negotiations that define trade rights and obligations.
- All developing countries must be able to derive full benefit from the new trading opportunities arising from successful trade negotiations. Many, however, are not yet in a position to do so. They require efficient physical infrastructure, effective institutions and processes, the development of human resources, access to financing and investment on appropriate terms and conditions, and in appropriate amounts, a business-friendly environment, and appropriate domestic policies and regulatory frameworks.
- The LDC share of world trade is still less than 1 per cent. On current trends, the number of people living in extreme poverty in those countries could increase from 334 million in 2000 to 471 million in 2015. The linkage between trade expansion and poverty reduction is not automatic in LDCs because most poor people in poor countries are not directly linked to the international economy. How can the necessary linkages be developed between export growth in LDCs and other sectors of their economies?
- A new geography of trade is emerging: 40 per cent of developing country exports are destined for other developing countries, including China. This trade is increasing at 11 per cent a year, twice the rate of total world exports. It is the same story for investment. However, two thirds of trade and investment takes place in Asia. LDCs have a growing deficit in trade with other developing countries. How can these trends be made more positive for all countries?

Box 2. Commission discussions on the Five-Year Review of the Millennium Declaration

- The Commission on Trade in Goods and Services, and Commodities, meeting on 15 March 2005, with the presence of a number of eminent personalities, considered that there should be "continued focus on the integration of development considerations into the principles and workings of the international trading system and more significantly into the negotiations on trade rights and obligations". MDG-8 includes the commitment to an open, rule-based, predicable, multilateral trading system: the Commission considered that it should include measures to accommodate the needs of countries in special circumstances, as well as those countries lagging far behind in the achievement of the MDGs.
- The Commission on Investment, Technology and Related Financial Issues heard a presentation on 10 March 2005 from Professor Jeffrey Sachs on the pre-Summit review of MDGs, entitled "Investing in development: A practical plan to achieve the Millennium Development Goals". He stressed that massive new investments, both public and private, are essential for poor countries to achieve the MDGs. The Commission emphasized the need for developing countries to identify their investment requirements for achieving their development goals. Professor Sachs commended UNCTAD's work on investment as a major contribution to achieving those objectives.
- The Commission on Enterprise, Business Facilitation and Development, on 24 February 2005, stressed that achieving the MDGs would require sustained action to improve the competitiveness of developing countries' enterprises, to enhance the efficiency of transportation systems and to maximize the use of ICTs in e-business and development. Such action can directly impact on poverty reduction programmes, and on development of human capacities.
- The ECOSOC Commission on Science and Technology for Development recommended, on 23 May 2005, a number of specific measures needed at the national and international levels to ensure that science and technology contribute effectively to achieving the MDGs, including mainstreaming of S&T in national development strategies, disseminating best practices in using S&T and maximizing the potential of ICTs and biotechnologies in meeting the MDGs.

As reported in Part Two, each of the four Commissions also recommended specific action by UNCTAD in all of the above areas to promote the achievement of the MDGs.

- Subsequently, the TDB met in special session (18 July 2005) to make its contribution to the Five-Year Review of the Millennium Declaration in the light of the reports of its Commissions. It outlined inter alia a number of important needs (see box 3). In her summary of the debate, the President of the Board, Ambassador Mary Whelan (Ireland), noted the grave concern regarding the status of implementation of commitments made and goals agreed in the Millennium Declaration and other development conferences: "Progress towards their goals has been woefully inadequate. While developing countries have primary responsibility for their development, their capacity to implement internationally agreed development goals remains contingent upon support from the international community and an enabling international environment for development".

Box 3. The TDB and the Five-Year Review of the Millennium Declaration

- The need for a "fair deal" for Africa that would effectively address the multitude of development problems which impede Africa's capacity to attain the MDGs;
- The need for the international community to increase its support for the participation of LDCs in the global trading system as specified in the Millennium Declaration and as an essential element in enabling LDCs to catch up in their attainment of MDG targets;
- The need for "development-friendly globalization" and the need for policy coherence;
- The need for a redoubling of political commitment based on collective responsibility so that the global partnership for development (MDG-8) can reach the agreed goals by the agreed date of 2015;
- The implementation measures required to make the Doha trade negotiations a truly development round; and
- The important role that UNCTAD is playing as a global partner in the achievement of the MDGs in a reformed United Nations.

2. Development dimension of events in 2005

WTO: The Sixth Ministerial Conference, Hong Kong, China, December 2005

The message to the Conference from the Secretary-General of the United Nations, Kofi Annan, was delivered on his behalf by the Secretary-General of UNCTAD. In urging the negotiators to muster the political will to make progress in the trade talks, Mr. Annan said that "development — real gains in real people's lives — remains the primary benchmark for success of the Doha Round. Whatever other smaller steps your negotiations achieve, development writ large is the standard against which your efforts will be judged".

The final declaration in Hong Kong (China) included agreement on a range of questions, which further narrowed down members' differences and edged the talks closer to consensus. A new timetable was agreed for 2006 and members resolved to finish the negotiations by the end of the year.

During 2005, UNCTAD was primarily concerned with helping to ensure that the Doha Round fully met its development promise. Its analysis of pending development-related subjects, its consensus-building work, especially the TDB review of developments and issues in the post-Doha work programme of concern to developing countries, and its advisory and training programmes were devoted to this single objective (see Part Two, section 4).

World Summit on the Information Society, Tunis, Tunisia, November 2005

The second phase of the WSIS, held in Tunis from 16 to 18 November 2005, resulted in the "Tunis Commitment" and the "Tunis Agenda for the Information Society".

UNCTAD was active in the pre-Summit preparations and at the Summit itself.[1] The Secretary-General of UNCTAD led the delegation from several UNCTAD programmes, which organized parallel events, workshops and an exhibition stand. The Tunis Agenda acknowledged the *Partnership on Measuring ICT for Development* launched at UNCTAD XI in June 2005 and the related *ICT Opportunity*

Index and *Digital Opportunity Index*. Also, the Summit decided to review the mandate and composition of the CSTD, which may have a bearing on UNCTAD's substantive support for this functional commission of ECOSOC.

The Second South Summit

The Second South Summit of the Group of 77 and China was held in Doha, Qatar, in June 2005. It reviewed the current international economic situation, prospects for South–South cooperation and proposals for the reform and strengthening of the United Nations. The outcome of the Summit contributed to the preparations for the 2005 World Summit.

UNCTAD helped to prepare for the South Summit, especially as regards discussions at the Summit on trade and development and the ongoing multilateral trade negotiations in WTO. The Summit invited UNCTAD to support South–South cooperation on specific topics in the areas of development strategies, trade, including the GSTP, commodities, competition law and policies, and investment.

United Nations Economic and Social Council (ECOSOC)

On 18 April 2005, ECOSOC held its Special High-level Meeting with the Bretton Woods institutions, the World Trade Organization and the United Nations Conference on Trade and Development. The meeting assessed the implementation of the Monterrey Consensus on Financing for Development as an initial step in reviewing the achievement of international development goals, including the MDGs, in three broad areas: (i) policies and strategies; (ii) trade, investment, and private flows; and (iii) ODA, innovative sources of financing and debt.

Ambassador Whelan of Ireland, in her capacity as President of the TDB, addressed the meeting. She discussed how trade could more effectively contribute to the achievement of the MDGs and other internationally agreed development goals through a development-friendly outcome of the Doha Round, investment in developing supply capacities, especially in LDCs and Africa, to exploit new trading opportunities, and international systemic coherence that addresses trade issues within the broader context of development. She also chaired a round table on trade, investment and private flows.

In early July 2005, ECOSOC convened its high-level meeting to review achievement of development goals in preparation for the World Summit, focusing on "progress made, challenges and opportunities". Mr. Carlos Fortin, Acting Secretary-General of UNCTAD, emphasized the need for development strategies aimed at speeding up growth and investment and generating employment that would in turn reduce inequalities and eradicate poverty. He said that market forces must be the privileged agents of the strategies, supported by an active, effective and honest public sector. If Governments are expected to assume control of their development destinies, it follows that they should be able to use a range of policy instruments to implement their chosen development strategies.

Trade and Development Board

At its regular annual session in October 2005 the Board considered a range of issues, which are reported more fully in Part Two. Box 4 provides a summary of the outcome of the main items.

Box 4. Outcome of the regular annual session of the TDB, October 2005

Highlights of the report of the President of the Board, Ambassador Ransford Smith of Jamaica, to the General Assembly

The high-level session on lessons learned from development and economic reform efforts in the 1990s concluded that there is no universal prescription for economic progress. Investment and aid programmes need to be tailored to the needs of specific national and local situations.

- New features of global interdependence were discussed using the *Trade and Development Report 2005* as background. The Board focused on recent trends in the world economy and their likely implications for progress towards achieving the Millennium Development Goals. While the Board welcomed the improved economic performance in many countries, concern was expressed that growth in many LDCs and sub-Saharan Africa was still low with regard to attaining the MDGs. The importance of macroeconomic policy coordination by developed countries and of debt avoidance and diversification for developing countries was highlighted.
- The issue of erosion of trade preferences for developing countries was also addressed by a panel, regional groups and member States in the context of UNCTAD's work on LDCs. The agreed conclusions recognized the importance of the contribution of preferential market access to the economic growth and development of LDCs and acknowledged the value of the annualization of the UNCTAD's *Least Developed Countries Report*.
- The consideration of the economic development of Africa focused on the role of foreign direct investment. A panel of experts pointed out that while FDI is important, the role of domestic investment in generating economic growth is too often forgotten.
- In its review of developments and issues in the post-Doha work programme of particular concern to developing countries, the Board was addressed by the Director-General of WTO, who highlighted the need for cooperation between his organization and UNCTAD on special and differential treatment, preference erosion and "aid for trade".
- The Board also heard from the UNCTAD Secretary-General, who said that to make the Doha Round a success, a "Doha-plus" agenda was needed to promote trade-enabling development cooperation. Developing countries should be helped to meet adjustment costs and to deal with the loss of fiscal revenue. Aid for trade, in addition to aid for development, was especially important for LDCs and small and vulnerable economies.
- The presentation of the Investment Policy Review for Kenya provided an opportunity for a lively and stimulating debate featuring the Kenyan Minister of Trade and Industry, Dr. Mukhisa Kituyi. Business representatives provided further insights on the role of the IPR in enhancing the investment climate in Kenya.
- The Board also reviewed UNCTAD's technical cooperation activities; supported UNCTAD's continued assistance to the Palestinian People; and reviewed UNCTAD's contribution to the follow-up to major UN conferences.
- The Board's deliberations were enriched with the views of representatives of civil society on the above-mentioned issues.

3. Coherence and partnerships: The collective effort

Promoting the integrated treatment of trade and development requires extensive cooperation between UNCTAD and stakeholders from other international and regional organizations, business and the private sector, academia, civil society and NGOs. Partnerships are central to the collective effort to achieve the MDGs. UNCTAD participates in a wide range of formal and informal collaborative arrangements covering both research and policy analysis and activities in the field.

UN system-wide cooperation. More formal arrangements include UNCTAD's participation in the Chief Executives' Board (CEB) comprising the Secretary-General of the United Nations and the heads of the specialized agencies, the United Nations funds and programmes, the IAEA and the WTO. This mechanism is aimed at ensuring coherence within the United Nations system, including on normative issues and operational activities. The High-Level Committee on Programmes provides the basis for system-wide coordination of policies and programmes, for example the inter-agency network on trade facilitation chaired by UNCTAD in 2005. The United Nations Development Group brings together the main UN operational entities that provide direct development support at the country level. In 2005, UNCTAD began a deeper engagement with the Group, so as to help achieve one of the objectives of UNCTAD XI, namely to help developing countries strengthen their supply capacities and enhance their competitiveness. UNCTAD is an active participant in the work of the three bodies, which allow it to interact with other parts of the UN system and beyond on key priorities facing the organization.

Coordination mechanisms within the United Nations. UNCTAD takes the lead on issues relating to trade and development under the auspices of the Executive Committee on Economic and Social Affairs:

- The UNCTAD-convened Working Group on Trade, which brings together UN/DESA, UNEP and the UN regional commissions, ensured a coordinated approach to helping developing countries prepare for the Sixth WTO Ministerial Conference in December 2005 and in following up the 2005 World Summit Outcome in respect of trade.
- UNCTAD, as the lead agency for issues related to science and technology, helped produce a system-wide contribution on science and technology for the World Summit.

In addition, UNCTAD worked closely with UN/DESA and the regional economic commissions in preparing the jointly published 2005 *World Economic Situation and Prospects* and in providing inputs for the 2005 *World Economic and Social Survey* on issues related to finance, investment and trade.

Targeted collaborative arrangements

UNCTAD participates in a wide range of partnerships that address specific issues and requirements. Whilst these arrangements are fully reported in Part Two, mention may be made here of the following developments in 2005:

- Further expansion in the two main inter-agency trade-related capacity-building programmes: the Integrated Framework for LDCs and JITAP for African countries;
- A series of UNCTAD-sponsored meetings on specific subjects with a specialized constituency from the public and private sectors, such as the World Association of Investment

Promotion Agencies, the fifth Interregional Debt Management Conference and the ninth African Oil and Gas Trade and Finance Conference;

- The hosting by UNCTAD of the meeting of the World Bank-led Global Facilitation Partnership on Transportation and Trade, which involved over 70 public and private organizations; and
- A doubling of the membership of the UNCTAD Virtual Institute for Trade and Development (Vi), launched at UNCTAD XI, from 6 to 13 participating universities.

In addition to the Vi, other partnerships launched at UNCTAD XI have become operational, such as those in the area of ICTs and investment. The preparatory work continues with respect to the International Task Force on Commodities.

4. Panel of Eminent Persons

On 14 October 2005, the Secretary-General of UNCTAD announced to the Trade and Development Board the establishment of a Panel of Eminent Persons to propose the best strategies for UNCTAD to fulfil its development mission as contained in the Bangkok Plan of Action and the São Paulo Consensus, aimed at increasing UNCTAD's impact. Eight individuals internationally renowned for their expertise in development issues serve on the Panel. The Panel is expected to submit its report to the Secretary-General of UNCTAD by late April 2006 (see box 5).

Box 5. Panel of Eminent Persons

The Panel comprises:

- Jagdish Bhagwati, Professor of Economics at Columbia University;
- Gro Harlem Brundtland, former Prime Minister of Norway and former Director-General of the World Health Organization;
- Fernando Henrique Cardoso, former President of Brazil;
- Joaquim Chissano, former President of Mozambique and former Special Envoy of the United Nations Secretary-General on the 2005 World Summit;
- Tarja Halonen, President of Finland and Co-Chair of the World Commission on the Social Dimension of Globalization;
- H.E. Mr. Benjamin William Mkapa, former President of the United Republic of Tanzania;
- Lawrence Summers, President of Harvard University and former US Treasury Secretary; and
- Long Yongtu, Secretary-General of the Boao Forum for Asia and former Trade Representative of China.

The Panel is chaired by Mr. Cardoso, who also chaired the UN Secretary-General's Panel of Eminent Persons on UN–Civil Society Relations.

Part Two

RESULTS AND ACCOMPLISHMENTS: ADVANCING THE SÃO PAULO CONSENSUS

The World Summit Outcome, the São Paulo Consensus (UNCTAD XI, 2004) and the Bangkok Plan of Action (UNCTAD X, 2000) provide the basis for UNCTAD's work programme in the period leading up to UNCTAD XII.

As the Secretary-General said in his October 2005 statement to the TDB, the challenge is for UNCTAD to focus on those areas where it can make a real difference for beneficiary countries. The 2006 Mid-term Review of the São Paulo Consensus provides the opportunity to assess progress and to make any necessary adjustments.

On 2 November 2005, Professor Lawrence R. Klein, 1980 Nobel Prize winner in Economics, gave the 13th Raúl Prebisch Lecture.[2]

Towards the end of 2005, first the TDB and then the General Assembly[3] warmly welcomed the generous offer of Ghana, supported by the African Union, to host the 12th session of UNCTAD in 2008.

1. Development strategies in a globalizing world economy

A. Better understanding of the process of globalization and its consequences for development

UNCTAD's analytical work in 2005 concentrated on examining the implications of recent fast growth in some large Asian economies, especially China, for the rest of the world, particularly for other developing countries. The result of this work — published in the *Trade and Development Report, 2005: "New Features of Global Interdependence"*[4] — combined a perspective on longer-term trends in the developing world with an assessment of immediate policy requirements for global macroeconomic stability.

- The rise of China, India and other Asian economies has created both opportunities and challenges for many developing countries. It has brightened the outlook for exporters of many primary commodities and increased trade among developing countries, but has also intensified competition in the global markets for certain types of manufactures. The TDR Report suggests that developing countries should channel the higher commodity export earnings into capital formation in the manufacturing sector in order to generate structural change, and into such long-term objectives as education and infrastructure.

- Despite the generally more favourable external environment for development, achieving the Millennium Development Goals will still be difficult in the least developed countries and countries in sub-Saharan Africa. The Report considered that such recent initiatives as the commitments to substantially increase official development assistance (ODA), to provide further debt relief to the heavily indebted poor countries (HIPCs) and to consider reducing the unsustainable debt of some equally poor non-HIPC countries should help those countries in this regard.

- In view of the increasing global current-account imbalances and the consequences of their eventual correction, the Report argues for a strengthened framework of multilateral policy coordination to bring about the necessary macroeconomic and trade adjustments. A fresh look at possible mechanisms to reduce the instability of the prices of a wide range of commodities would also help to strengthen the global partnership for development.

The 2005 TDR, which received wide coverage in the international media, helped to build consensus in the TDB on the policy requirements for successful development in a rapidly changing external environment. The members of the Board agreed that necessary adjustments to correct the current global imbalances "should be shared by the major surplus economies and the major deficit countries". The President's summary underlined the "widespread perception…that, in the mutual interest of all, developed countries should strengthen their efforts for macroeconomic policy coordination to solve the global imbalances and that developing countries [should] continue their efforts for greater diversification and industrialization and avoid higher indebtedness, keeping in mind that the present favourable conditions for many of them might be temporary". The summary also indicated that "many delegations expressed their satisfaction with the balanced and useful analysis provided" by the 2005 TDR, which was considered to be helpful for the understanding of the recent trends in the global economy, especially the interplay between the imbalances of the global economy and the effects on developing countries resulting from the emergence of East and South Asia as a new growth pole.

UNCTAD's approach to globalization was also articulated and promoted in a series of other activities throughout the year:

- There were a number of inputs into the annual *World Economic Situation and Prospects*, published jointly with UNDESA and the regional commissions, as well as into the *World Economic and Social Survey 2005*, especially on growth forecasts, on the issue of global current account imbalances and their relationship to savings and investment performance, and on the role of real exchange rates for international competitiveness and trade balances.

- The programme of cooperation with the Chinese Government provided concrete policy advice on macroeconomic issues and clarified thinking on the global implications of China's growth. The study entitled *China in a Globalizing World*[5] explored such key issues as China's role in trade and investment in East and South Asia, recent trade frictions, and enterprise learning and industrial transformation in China.

- Four academic papers were issued in the UNCTAD Discussion Paper Series on, respectively, the new capital adequacy framework, commonly known as Basel II; proposals on global standards and codes of financial best practises; trade liberalization and economic reform in developing countries; and Africa's primary exports.

- Six studies prepared under the project on Technical Support to the Intergovernmental Group of Twenty-Four on International Monetary Affairs and Development (G-24) were published in the G-24 Discussion Paper Series. Financed by contributions from the International

Development Research Centre of Canada and from the beneficiary countries themselves, the project provides the G-24 with studies and research papers on issues within the framework of the World Bank and the IMF that reflect the preoccupations of the developing countries with regard to the evolution of the world economy and its financial system.

B. Contributing to solving the debt problems of developing countries

Despite improvement in several traditional debt indicators for developing countries in recent years, thanks in part to international initiatives in favour of HIPCs, low- and middle-income developing countries continue to face challenges in securing a durable solution for meeting their external debt-servicing obligations. Within this context, the international community has called for efforts to augment institutional capacities for the management of financial assets and liabilities. In line with this aim, in 2005:

- UNCTAD provided substantive analysis of debt-related issues for the General Assembly's annual review entitled *External Debt Crisis and Development*.[6] Long-term sustainability of debt depends on, inter alia, the growth and export prospects of debtor countries and, hence, on success in overcoming structural development problems. To meet the development financing needs for the achievement of the MDGs and sustainability, it is necessary to reach an international understanding on debt-restructuring modalities which would bring together official and private creditors in a constructive dialogue. International efforts to work out debt-restructuring mechanisms need to take into consideration the points raised in UNCTAD's analysis, which served as the basis for the General Assembly consensus resolution A/59/223 on the subject.

Debt sustainability

- UNCTAD worked collaboratively with a wide range of stakeholders in its capacity-building efforts for developing countries in the area of debt sustainability and development strategies. Work in this area is linked to the project on debt sustainability (see box 6), which has brought together participants from debt management offices, ministries of finance, international organizations, regional organizations, academia and civil society.

Box 6. Capacity-building for debt sustainability

In 2005, UNCTAD launched a project on capacity-building for debt sustainability in developing countries, financed by the United Nations Development Account. Taking into account new developments in the area of debt management, including the related work of the IMF and the World Bank, the project aims at building the capacity of Governments to manage their debt in a sustainable manner. The project will not approach this objective from the narrow perspective of reducing an excessive level of debt, but will integrate it within a broader development strategy leading to an increase in foreign exchange earnings above the level of domestic resource requirements required to pay the external debt.

The project's key areas of research include:

- Analysing the links between debt sustainability and development;
- Alternative approaches to debt sustainability analysis;
- The role of institutions in effective debt management;
- Renegotiating debt and making the link with trade.

The project will conduct several country case studies, including on Argentina, Bangladesh, Bolivia, Kenya, Malaysia, the Republic of Korea and Uganda. Papers prepared for the project were discussed at an expert meeting held in Geneva in October 2005. Also, consultations with debt managers in African countries were held in a regional workshop, jointly organized with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) in November 2005. Regional workshops in Asia and Latin America will be organized in 2006.

Paris Club

- UNCTAD continued to provide assistance to developing countries, at their request, in the preparation of their debt negotiation strategies in the framework of the Paris Club. In 2005, six countries (Dominican Republic, Honduras, Kyrgyzstan, Nigeria, Rwanda and Zambia) rescheduled their debt with the Paris Club. The work of UNCTAD in this area is supportive of creditors' and debtors' efforts to find sustainable long-term solutions to debt problems of developing countries.

DMFAS

- Three new countries became beneficiaries of the DMFAS Programme, bringing the total number of DMFAS client countries to 65. DMFAS is now installed in 95 institutions (see box 7). The enhanced version, DMFAS 5.3, incorporates important functional and technological improvements in response to client requests and in line with international standards and best practices. Five training workshops were organized on the use of the analytical tool Debt Strategy Module (DSM+), which now has additional features on domestic debt and fiscal sustainability. More than 200 staff from debt offices were trained in national workshops. The Programme also participated in or co-organised 11 regional and international events on debt management in 2005.

- The DMFAS Programme continued to receive generous financial contributions from its major donor countries, as well as expressions of appreciation from beneficiary countries (box 7). It also received contributions from client countries through its cost-sharing mechanism, which included licence fees (at the time of installation) and voluntary maintenance fees — an indication of the value attached to DMFAS and related services.

- UNCTAD hosted the 5th Inter-Regional Debt Management Conference in September in Geneva. More than 250 debt managers and policymakers from 83 countries, as well as representatives from international financial institutions and NGOs, participated in the conference, which is held on a biennial basis. The third and final round of the multi-stakeholder consultations on "sovereign debt for sustained development", coordinated by UNDESA as a follow-up to the Monterrey Conference, was held during the conference.

Box 7. DMFAS in 2005: Some examples

- In 2005, UNCTAD agreed to provide its debt management system to the Central Bank of Baghdad, in Iraq, as part of a wider project financed by the US Government. Given the security situation in Iraq, the project is being implemented in that country by the international accounting firm Ernst & Young. UNCTAD is providing the DMFAS 5.3 system software and maintenance, and training outside Iraq, while Ernst & Young consultants are carrying out local implementation activities, such as project coordination, training and support. UNCTAD organized several workshops to train Ernst & Young consultants as well as Iraqi Government officials involved in the installation, maintenance and use of DMFAS. More training activities are envisaged for 2006, namely training in legal aspects of debt management, debt data quality control, debt statistics and debt portfolio analysis.

- The DMFAS Manager in the Central Bank of Bolivia commented that "they implemented the recording process according to [UNCTAD's] suggestions...including the option of 'capitalization of interest': the DMFAS system has performed the calculations to the cent".

- The Netherlands, Norway, Sweden and Switzerland made significant contributions to DMFAS in 2005.

C. Support for Palestinian economic development

Major progress was made in 2005 in increasing appreciation of the relevance of UNCTAD's programme for the Palestinian people:

- Members of the TDB endorsed the themes highlighted in the report prepared by the secretariat, as well as the concrete technical assistance provided by UNCTAD. The report focused on the economic impact of occupation and war and on the need for a Palestinian economic reform effort geared to State formation priorities. It also advocated a future development policy that is rooted in the realities on the ground and defines trade and reform policies.

- UNCTAD's substantive and operational work was reviewed in over a hundred items in mainstream global media outlets (agencies, press, radio, Internet) and specialized/academic sources, a significant growth in such references over 2004.

- UNCTAD's technical competences are widely acknowledged by other UN agencies and major donors. The secretariat's portfolio has seen a significant expansion, with over $1 million of new voluntary donor resources committed in 2004–2005 from the European Commission (EC), the International Development Research Centre (Canada), the International Labour Organization and Norway.

- Meanwhile, UNCTAD's advisory and technical cooperation services in support of the Palestinian people led to a number of key accomplishments this year (see box 8).

Box 8. UNCTAD: A key development partner for Palestine

Key accomplishments include:

- Significant modernization of the Palestinian Authority (PA) Customs operations, with funding from the *European Commission*, leading to PA capacity to successfully manage independent Customs operations at the Rafah/Egypt border using the UNCTAD/ASYCUDA system;
- Strengthened capacity and wider use of macroeconomic, trade and labour policy analytical tools developed with support from the *International Development Research Centre, Canada* (for example, the Medium-Term Development Plan and follow-up to UNCTAD training workshops in 2004–2005);
- UNCTAD has become a major partner in Palestinian trade facilitation reform and institution building (e.g. Palestinian Shippers Council project with funding from the *EC*);
- Training of some 80 Palestinian entrepreneurs through the Empretec project has resulted in immediate and sustainable employment and income generation. This was funded by the *ILO* and the project's national counterpart, the *Palestinian Fund for Employment and Social Protection*;
- PA policy papers/statements formulated in response to, or drawing on, UNCTAD advisory services, such as PA proposals for reform to March 2005, the *London Conference on Strengthening the PA* and the 2005–2007 PA Medium-Term Development Plan. For example, the theme of linking relief to development, which UNCTAD promoted in the last three TDB reports, has been incorporated and reflected in the Palestinian Medium-Term Development Plan;
- After many years of advising the PA as regards multilateral trading system issues, the request by *Palestine for observer status at the Sixth WTO Ministerial Conference* was approved unanimously and the first Palestinian delegation to a WTO Ministerial Conference participated as an observer in Hong Kong (China) in December 2005.

D. Statistics and information for decision-making

Reliable information, and especially high-quality statistical information, is a precondition for appropriate policy decisions at the national and international levels, as well as for analytical work on issues related to globalization and international trade, finance and development. In 2005 there was another substantial increase in the number of users of UNCTAD's statistical information material:

- A total of 217,000 downloads were registered in 2005 for the electronic version of the statistical booklet *Development and Globalization: Facts and Figures* (GlobStat) launched in June 2004.
- The number of registered users of the *UNCTAD Handbook of Statistics* online rose by more than 10 per cent, reaching 40,425 at the beginning of December 2005. During the biennium 2004–2005 the number of downloads of the *Handbook* (in its entirety) more than doubled (336,000) compared with 2002–2003. There are a greater number of positive comments on the *Handbook* in the replies to the online survey of UNCTAD publications than on any other UNCTAD publication.

During 2005, UNCTAD expanded its support for national statistical capacity-building on trade-related issues:

- Requests were received from the Union du Maghreb Arabe and from ECOWAS for assistance in creating statistical databases in their secretariats: funding is being sought to

enable UNCTAD to respond positively.

- UNCTAD worked with the UN Statistics Division to enable countries with automated Customs systems such as ASYCUDA to use such systems to compile reliable merchandise trade statistics.

- In the context of JITAP, UNCTAD helped Benin, Burkina Faso, Ghana, Tunisia, the United Republic of Tanzania and Uganda in online access to and utilization of UNCTAD and UN documents, statistics and information, and in installing and using open-source library management software. However, printed material and CD-ROMs remain a necessary alternative source of documentation and information in those countries with slow or limited access to the Internet.

Box 9. Development strategies in a globalizing world economy:

Summary of results and overall assessment

- Against the background of the *TDR 2004*, which focused on the issue of international policy coherence, and the *TDR 2005*, with its emphasis on new aspects of global interdependence, delegations at the session of the TDB stressed the important role of UNCTAD in identifying the elements of a coherent global development strategy and providing alternative views on economic policies from a development perspective.

- Research outcomes provided information for government officials responsible for policy-making as well as other development stakeholders and academia, thus contributing to the international policy debate. However, more effort is required in order to link the analytical work with concrete policy advice and to strengthen upstream policy dialogue with Governments.

- UNCTAD's analytical and technical support for the General Assembly's annual review of "external debt and development", as well as the Development Account project described in box 7, sought to explicitly link debt strategies to both the capacity to repay and to the fundamental objectives of development, poverty reduction and export expansion at the core of long-term debt sustainability. This holistic approach to debt sustainability needs to be further strengthened through an active dialogue with countries, international institutions and civil society.

- The impact and the successful use of DMFAS are considerable, the number of user countries and institutions having exceeded in 2005 the targets set. The Programme incorporates new functional and technical improvements in response to client (debtor) requests and in line with international standards and best practices. Both donor agencies and beneficiary countries continue to provide strong financial support to the Programme.

- Despite difficult circumstances, UNCTAD has demonstrated that it can successfully implement a diverse programme of technical cooperation with the Palestinian Authority and civil society. It helped to develop economic capacities and to implement reform programmes. Continued programme effectiveness requires adequate and more predictable extrabudgetary resources, and flexibility to pursue operational activities in conditions of insecurity and political uncertainty.

- Advanced web technologies have facilitated access to, and readability and extraction of, statistical data, enabling users to perform customized operations and calculations, thus meeting a basic objective for 2005. Experience confirms that web technology is a fast-growing science requiring adequate resources and new competences. UNCTAD documentation should be provided to reference centres both electronically and in printed formats. CD-ROMs are the preferred format for accessing large databases when Internet facilities are not available or are limited.

2. Increased understanding of Africa's development problems

Sustained and concerted action by African countries and their development partners is critical for improving the continent's economic performance and reversing the decline in living standards. Consonant with the mandate of UNCTAD and with the provisions of the New Partnership for Africa's Development (NEPAD), UNCTAD's 2005 research on Africa focused on investment and, more specifically, on foreign direct investment (FDI).

Foreign direct investment: Africa's dilemma

There is a strong belief that attracting FDI is vital for bridging the resource gap of low-income countries and avoiding further build-up of debt while directly tackling the causes of poverty. Enhanced FDI flows are thus seen as the continent's answer to achieving the necessary annual growth rate (estimated at 7 per cent) to enable it to achieve the MDGs, in particular the goal of halving absolute poverty by the year 2015. Many African countries have therefore been persuaded to implement macroeconomic and sector-specific policy reforms, including those addressing institutional and governance weaknesses, to attract those flows.

In an effort to identify and evaluate what the response has been to these policies in the African context, UNCTAD published *Rethinking the Role of Foreign Direct Investment*[7] as part of its Economic Development in Africa series:

- The analysis shows that the continent has received a very small portion of global FDI flows, and that up to 80 per cent of total FDI in Africa is concentrated in natural resource extraction, mainly in the minerals, oil and gas sectors. The new round of FDI flows is not having the desired developmental effects, mainly because the projects are capital-intensive and lack linkages to the rest of the economy, thereby perpetuating enclavism. The *Trade and Development Report* suggests that once it is recognized that in most countries these flows tend to lag behind rather than lead in the growth and development process, the role of FDI in Africa cannot be properly assessed independently of the disappointing record of market-oriented reform programmes with respect to growth, capital accumulation and economic diversification. The *Report* found that there might be a "race to the bottom" through the provision of excessive incentives in order to attract investment in the extractive sector.

- Consequently, the *Report* argues that policymakers must fully evaluate the impact of FDI if it is to become a complementary component of a wider package of development measures needed to increase growth, create jobs and diversify into more dynamic activities. Any such evaluation needs to take account of structural biases in African development, including its long-standing dependence on commodity exports, as well as a more recent de-industrialization trend following the debt crisis of the early 1980s. Accordingly, the *Report* calls for a more balanced and more strategic approach to FDI, tailored to African conditions and challenges.

- The *Report*, as in previous years, attracted a great deal of interest from the media, as well as from civil society organizations, the academic community and the African Union (AU). As part of the follow-up, UNCTAD will be working with the

AU in the design of an investment framework that harmonizes national and regional legislation in the extractive industry, and facilitates more investment in the productive sectors of African economies.

Members of the TDB at their October session welcomed the lively debate stimulated by the *Report*, with a view to considering what might be needed to make foreign direct investment in Africa more effective, productive and beneficial. They were helped by a panel of academic experts, who considered the *Report* to be balanced and useful. The experts agreed on the need for the requisite national policy space for African countries to enable them to undertake more strategic industrial policies, so as to develop their endogenous capacity to generate resources and improve their production and trade performance. Delegations expressed their appreciation for the panel of experts, who in their opinion were very illuminating, particularly on a number of country- and sector-specific issues not fully explored in the main report, and for the opportunity to engage in a truly interactive debate.

While the outcome of the debate on the *Report* in the form of "Agreed conclusions", proved difficult to reach, it underscored the need to encourage greater productive direct investment, including foreign investment, in African countries to support their development activities and to enhance the benefits they can derive from such investment. It also "...recognized African countries' need for suitable scope for strategic nationally-designed and owned policies with a view to their beneficial integration into the global economy, enabled and supported by a conducive international environment".

Contribution to national and international action for Africa

The UNCTAD secretariat continued its programme of research and analysis with regard to African development, as well as advisory services and technical cooperation.[8] In accordance with ar earlier decision of the TDB, the secretariat provided support to African countries in pursuit of the objectives outlined in NEPAD. Activities falling within the "development and poverty reduction" purview of NEPAD include infrastructure and transportation, "bridging the digital divide" through enhancing access to and use of ICTs, market access issues and capital flows, including investment. Inputs provided to the NEPAD Steering Committee were in support of cross-sectoral activities in the area of market access and trade. The secretariat also provided inputs to the NEPAD interagency cluster on agricultural trade and diversification.

Box 10. Action for the development of Africa: Summary of results and overall assessment

- The objective of creating a better awareness and understanding of African development problems was achieved in 2005 with the report entitled *Rethinking the Role of FDI*. The report attracted greater than expected interest in Africa and elsewhere from the media, civil society, academia and official sources. The subsequent discussion and follow-up will help in reconsidering how FDI in Africa can be made more productive and beneficial. There was an improvement in 2005 in the provision of the French version of the report, which enhanced the participation of francophone African countries in the discussions, as well as reporting by the francophone press on the report.

- The 2004 report entitled *Debt sustainability: Oasis or mirage?*[9] continued to impact on public and official opinion in 2005: its policy recommendations regarding a permanent exit from the debt overhang were reflected in the Commission for Africa's report, at the G8 Summit in July 2005, and in the World Summit Outcome.
- Considerable scope exists for raising awareness of the development problematic of Africa through more concerted activities in the UN system in such areas as public information, advocacy and public outreach. A greater sharing of information in policy analysis and technical cooperation would enhance the benefits that accrue to the continent from these activities. The need for greater coherence in the system-wide contribution to the implementation of NEPAD cannot be denied.

3. Building productive capacities and international competitiveness

The opening of markets creates opportunities for those countries with productive capacities and competitive economies and businesses. UNCTAD helps developing countries build such capacities and competitiveness through integrated action in areas such as investment, technology, enterprise development and corporate responsibility. In particular, and with a view to increasing beneficial international investment flows to developing countries and the benefits they derive from those flows, UNCTAD seeks to:

- Improve understanding of issues and policy choices in international investment, enterprise internationalization and technology transfer;
- Strengthen developing countries' abilities to formulate and implement policies, measures and action programmes in those areas; and
- Enhance those countries' ability to participate in investment-related discussions and negotiations.

A. Cutting-edge analysis of investment issues

UNCTAD provides regularly updated and accurate information to policymakers to improve their understanding of emerging FDI-related issues and policy options for development. The reports and data are recognized as authoritative statements on FDI flows and stocks, trends and development.

The *World Investment Report 2005*[10] analysed the latest trends in FDI and explored the internationalization of research and development (R&D) outside developing countries by transnational corporations (TNCs), together with the development implications of this phenomenon.

- Some developing countries and transition economies in South-East Europe and the CIS are now attracting highly advanced R&D activities. In a number of cases, these activities are targeting global markets and are being integrated into the core innovation networks of TNCs. Moreover, this trend appears to be increasing.
- This trend confirms that developing countries can develop the capabilities needed to connect with the global R&D networks of TNCs. R&D internationalization opens the door not only for the transfer of technology, but also for the transfer of the actual process of technology creation. This means new opportunities for firms and

institutions in developing countries to engage in important learning processes. It also creates new job opportunities for skilled engineers and scientists in the countries involved, helping to mitigate the risk of brain drain.

WIR 2005 was commended by policymakers and academics, as evidenced from the number of book reviews and media attention. The number of downloads from UNCTAD's website reached 329,121 in the first five weeks after its launch. The launch generated intense media coverage in the major international news media, with 1,073 separate press clippings. This represents the highest total recorded for any *World Investment Report*, over half of them having appeared in developing country media (see box 11).

At the Expert Meeting on the Impact of FDI on Development, held in January 2005, participants from both the public and private sectors discussed key issues related to the internationalization of R&D and its implications for developing countries. The experts identified policies and practices in both home and host countries that influence the allocation of R&D by TNCs and its economic impact, especially in developing host countries.

Box 11. Feedback on the *World Investment Report 2005*

The Business Tribune (Bahrain), 30 September:

"The World Investment Report is the only global encompassing report which is recognised the world over by governments and trans-national corporations for its depth and analytical viewpoint of the current trends in foreign direct investment (FDI) around the world."

The Economic Times (India), 2 October:

"This year's World Investment Report from the United Nations Conference on Trade and Development (UNCTAD) has created a stir by exploring the link between foreign direct investment and the farming-out of R&D activities to developing countries."

The Independent (United Kingdom), 3 October:

"The UNCTAD report contains a special section on research and development...the results...make for fascinating reading."

Business Day (South Africa), 4 October:

"The World Investment Report is...the definitive annual survey of foreign direct investment flows by the United Nations Conference on Trade and Development."

In response to an earlier request from the Commission on Investment, Technology and Related Financial Issues, UNCTAD published a study entitled *TNCs and the Removal of Textiles and Clothing Quotas*,[11] which showed that TNCs will play a critical role in determining future global production structures in the textiles and clothing industries.

Prospects for FDI and the Strategies of TNCs, 2005–2008,[12] published in late 2005, showed that although there are some potential risks which may weaken momentum in the near future, FDI growth is likely to continue. The recovery is increasingly fuelled by investment in, and from, developing countries. The publication was very well received by Governments, policymakers, investment promotion practitioners and businesses, with about 200 press clippings.

In its role as the lead source of FDI and TNC data, UNCTAD regularly updates its FDI databases. A further volume in the *World Investment Directory* series on 23 developed countries became available on UNCTAD's website, with detailed country-level FDI and TNC information disaggregated by industry, investor and sector. These data, as well as those in the *World Investment Reports*, form part of the overall UNCTAD online FDI database, comprising both time-series data of FDI statistics as well as operational data of TNCs by industry and by host/home country. Custom-made information on FDI and TNCs is available on request. To enhance national capacities, UNCTAD and ESCWA provided training on FDI statistics in Kuwait, Qatar and the United Arab Emirates. As a result of training provided in previous years, Bahrain, Oman and Saudi Arabia recently undertook surveys on FDI for the first time.

At the Expert Meeting on Capacity Building in the Area of FDI: Data Compilation and Policy Formulation in Developing Countries participants agreed on a number of recommendations, including more regional cooperation among relevant institutions by creating regional task forces in developing countries to promote a harmonized system for measuring, collecting and reporting statistics on FDI and activities of TNCs. Experts also recommended an expanded role for UNCTAD in technical cooperation for capacity-building in the field of FDI statistics and the organization of similar meetings on FDI statistics and policy formulation on a regular basis.

The Expert Meeting on Capacity Building in the Area of FDI also included three workshops on the compilation and use of FDI statistics.

B. Support for national policymaking and capacity-building

Investment-related country-focused activeties continue to be appreciated by many stakeholders from both developing and developed countries. The secretariat estimates that up to 90 per cent of policy recommendattons were implemented in 2005, and beneficiaries continue to assess positively UNCTAD's advice and support.

Investment Policy Reviews

In 2005:

- Five IPRs were prepared — for Brazil, Colombia, the Islamic Republic of Iran, Kenya and Zambia. Five more IPRs are at various stages of preparation, namely those for Bangladesh, Morocco, Nigeria, Rwanda and Senegal. The IPRs were supported by such donors as France, Germany, Norway, Sweden, Switzerland and UNDP. IPRs assess the economic situation in the country under review and provide a set of concrete recommendations to enhance both the development dimension of FDI and a development-oriented FDI promotion and attraction strategy. The IPR for Kenya was presented to the session of the TDB held in October: the frank exchanges were regarded as a good model for further discussions in UNCTAD.

- UNCTAD helped implement the recommendations of eight earlier IPRs for Algeria, Benin, Botswana, Egypt, Ghana, Lesotho, Peru and Sri Lanka. IPRs are an important first step, but they are ineffective unless the recommendations are translated into concrete actions. Government representatives have recognized the importance of the follow-up and praised the secretariat for its ongoing work: for example, during the session of the Commission on Investment,

Technology and Related Financial Issues:

- The delegate of Ghana said "the IPR recommendations have been incorporated in [its] 5-year strategic plan".

- The delegate of Algeria said that "with the help of UNCTAD, we were able to put in place an investor tracking system, to evaluate [our] investment promotion capacities, to organize training on investor aftercare services and to benchmark our country with the UNCTAD Investment Compass".

- The first Implementation Report on the IPR of Egypt was presented by the secretariat at the request of the Government. In the light of the Commission's recommendation, UNCTAD will continue such practices for other interested countries, so as to evaluate progress in the implementation of recommendations.

- *The Invest in Peace Initiative* was launched, using a specialized IPR model designed to identify and remedy the specific needs of war-torn countries. Following its successful implementation in Sri Lanka, the initiative has now been extended to Rwanda.

- The Commission welcomed the Blue Books on *Best Practice in Investment Promotion and Facilitation* as an additional device to encourage timely implementation of IPR-related recommendations (box 12). The Blue Books, which are the product of ongoing cooperation between UNCTAD and the Japan Bank for International Cooperation (JBIC), expanded in 2005 with the specific aim of helping African countries improve their investment climates. In complementing both the IPRs and the Investment Guide, the Blue Books are a useful example of the increasingly coordinated and synergistic approach that UNCTAD is adopting in helping countries to improve their investment climates.

Box 12. Feedback on the Blue Books

Africa Investor, September 2005:

"The Blue Book...is an 'investment Bible' for Kenya. The outcome of extensive consultations with local and international private sector voices, each Blue Book is a no-holds barred assessment of the investment environment."

President Mwai Kibaki, Kenya:

"The 'blue book' identifies several measures whose implementation is expected to enhance business-public sectors' dialogue on investment, contribute to the elimination of identified impediments to foreign direct investment and lead to an increase in the flow of foreign direct investments in the country."

Mr. Sajeev Nair, Africa Resource Centre, Consumer Unity & Trust Society, Lusaka:

"The [Blue Book] workshop was well received by both electronic and print media... It was our pleasure to work with you on this important initiative."

Investment Compass

The Investment Compass is used by policymakers, investment promotion operators and other stakeholders for comparing their countries' respective performance. By December 2005, this benchmarking tool had been further expanded to cover 55 countries with 1,760 registered users, of which 20 per cent are government institutions (investment promotion agencies and ministries). The website is visited at least once a month by over 200 people. The key strength of the Investment Compass compared with other scoreboards — according to the OECD[13] — lies in the fact that the tool reflects the diverse reasons why a FDI may locate to a developing country. Evaluations from users emphasized that the Investment Compass both permits meaningful comparability between developing countries and identifies a country's strengths and weaknesses. Participants in training sessions have requested additional workshops on the Investment Compass.

Investment Guides for LDCs

In cooperation with the International Chamber of Commerce (ICC), UNCTAD publishes investment guides intended to help developing countries, especially LDCs, attract FDI and promote an investor–Government dialogue (box 13). The UNCTAD–ICC Investment Guides to Kenya, the United Republic of Tanzania and the East African Community were launched in 2005 and disseminated through the country investment agencies, the ICC's national committees and other channels, including direct mailing to some 2,000 companies in OECD countries. The interest shown by the private sector in acquiring copies of the guides and their reception at various launches are a major indicator of the impact of this product. The Investment Guide programme is supported by China, India, Finland, France, Mauritania, Norway, Sweden, Switzerland and the private sector.

Box 13. Feedback on Investment Guides

Mr. Ousmane Thiam, Minister for Investment Promotion and Small and Medium-Sized Enterprises, Mali:

"Following the success of the launch of the Investment Guide in Paris...I would like to express our heartfelt thanks to UNCTAD for having assisted the Government of Mali in its efforts to demonstrate to the business community the investment opportunities that our country offers... The guide's credibility, as well as its high-quality graphics, constitutes an undoubted advantage for our country's investment promotion efforts... I can assure you that the guide is a precious instrument for the Government in promoting the potential of our country to our various partners ..." (translation from French)

Jeune Afrique (France), 6–12 February 2005*:*

"Least developed countries (LDCs) cannot afford the luxury of producing their own investment guides... This injustice has been rectified thanks to the United Nations Conference on Trade and Development... The guide to Mauritania explains clearly the strengths and weaknesses of this little-known country. It comes at a crucial point in its history." (translation from French)

Advisory Services on Investment and Training (ASIT)

In 2005, developing countries and economies in transition were assisted in creating, managing and strengthening their policy frameworks for attracting FDI through ASIT:

- During 2005, over 20 countries benefited from demand-based advisory services, including Bolivia, Botswana, China, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jordan, Kenya, Lesotho, Morocco, Peru, the Russian Federation, Venezuela and CEMAC countries, in such areas as investor targeting, cluster development strategies, benchmarking and investment promotion. These activities were supported by voluntary contributions, particularly from Switzerland, through the Quick Response Window project, and from Sweden, which pledged 1 million euros.

- Many developing countries and economies in transition benefited from various ASIT training programmes, such as Third Generation Investor Targeting, FDI in Tourism and Mining, Policy Advocacy, Development of Client Charters and the Clean Development Mechanism; the latter two programmes, for example, trained about 100 officials from African and Asian investment promotion agencies (IPAs).

- Further to the recommendations of the 2004 Expert Meeting on Good Governance in Investment Promotion, held in November 2004, a number of LDCs (Ethiopia, Lesotho, Mali, Maldives, Uganda and United Republic of Tanzania) were assisted in identifying governance-related obstacles to foreign investment and in introducing instruments and practices that promote accountability and transparency. The Netherlands has made a significant contribution to expanding this work.

- The Internet-based interactive platform for investment promotion — Investment Gateway — provides country-based information on investment opportunities, legal and regulatory frameworks, and contact data on potential investors and market intelligence. Advice and training were provided in Bolivia, Bulgaria, Colombia, Djibouti, Ecuador, El Salvador, Guatemala and Peru.

- UNCTAD continued its cooperation with the World Association of Investment Promotion Agencies (WAIPA): a joint session was organized, in March, of UNCTAD's Commission on Investment, Technology and Related Financial Issues and WAIPA's World Investment Conference, and several training workshops were co-organized with WAIPA on such issues as policy advocacy for IPAs (from Europe, Africa and Asia), cluster creation and development (for MEDA countries), FDI in the tourism sector (for Central and Latin America) and promoting foreign investment for development and strengthening cooperation between Chinese and African IPAs.

International investment agreements (IIAs)

The year 2005 was a particularly active year for IIA-related activities with significant results:

- In the area of technical assistance, 313 participants from 75 developing countries benefited from 16 activities (mainly training courses and advisory missions). Concerning policy research and analysis, the Series on Issues in

IIAs was completed, with the compilation of the 27 booklets into three volumes, and six additional booklets were prepared in the framework of the second-generation Series on International Policies for Development. These series are becoming one of the main reference sources for IIA negotiators.

- An independent external impact evaluation concluded that UNCTAD's work has a strong, direct and sustained impact on the capacity of the direct beneficiaries to engage effectively in discussions on and/or negotiation of IIAs. The report recommended that this activity be continued and that dissemination efforts should be strengthened. Also, it proposed that outputs be adapted to reflect the increased sophistication of modern IIAs, and that the capacity-building scope of IIAs be extended to the implementation of agreements, particularly those related to managing investor–State arbitrations. To that end, a training course on managing investment disputes was organized for Latin American countries, and a joint OECD/ICSID/UNCTAD symposium was held.

- The findings of the independent evaluation were confirmed by the programme's beneficiaries and by third parties such as negotiating partners and facilitating institutions. Activities have increased the ability of participating countries to participate effectively in discussions on and negotiation of international investment agreements. Eighty-five per cent of the training participants indicated that they applied the knowledge gained in the drafting and negotiating of investment agreements and treaties. Mr. Sallya Wickramasuriya, Director General of the Board of Investment of Sri Lanka said that "The advice given…will be extremely useful in drafting our BITs and Investment Chapters at bilateral and regional levels". The evaluation questionnaire for the Portuguese-language training programme confirmed that 91 per cent of participants were satisfied with the intensive training. Ninety per cent of participants in the Vientiane intensive training courses expressed satisfaction with the training material and the face-to-face seminar.

- The bilateral investment treaties database containing 1,900 full texts and the updated country list of BITs containing 2,405 agreements now available on the IIA website is regarded as a very useful source of information for negotiators, lawyers and academia. Mr. Gary Sampliner, Senior Counselor at the US Department of the Treasury said as follows: "I often use your BIT search engine to find BITs between particular countries, which I think is by far the most complete compilation available". More than 1,300 visitors consult the BITs database every month.

- The 570-member network of IIA experts now covers all regions. It facilitates exchange of information and dialogue among scholars on issues regarding BITs.

Box 14. Feedback on technical cooperation for investment promotion

Ms. Sheila Mugyenzi, Uganda Investment Authority

"I just wanted to say thank you once again for the excellent facilitation of the workshop in Nairobi. I must say the tools we were equipped with are, and will continue to, come in handy."

Dr. Maher Hijazin, Director General, Natural Resources Authority, Jordan

"On the occasion of the completion of the UNCTAD project on the mining sector in Jordan, I would like to express my gratitude to the UNCTAD organisation for all your efforts and support."

Mr. Alejandro Argüelo Ch., Minister of Development, Industry and Trade of Nicaragua

"The Ministry...is currently benefiting from the assistance from UNCTAD for the implementation of the E-regulation module of the Investment Gateway system, which is a part of UNCTAD's Investment Facilitation Program. This electronic tool is helping countries such as Nicaragua achieve higher levels of transparency in order to offer investors the necessary rules, regulations and procedures to access the investment opportunities."

Mr. Hector Maldonado Lira, Director General, Andean Community Secretariat

"I have pleasure in congratulating UNCTAD on the excellent initiative of implementing with the Government of Peru training seminars in investment promotion for Peruvian diplomats."

Under the joint UNCTAD/ICTSD project on intellectual property and sustainable development, the Resource Book on TRIPS and Development was commended by those working and teaching in the area of intellectual property rights. Dr. Meir P. Pugatch, Lecturer, University of Haifa, Israel, wrote that the book "is crucially important to those dealing with trade policies of intellectual property: academics, practitioners and especially policy-makers. [It] provides a considerable amount of legal interpretation of TRIPs provisions, as well as linkage to jurisprudence. Policy makers will find the book to be a practical manual for IP negotiations."

C. Promoting science and transfer of technology

UNCTAD serves as the lead entity within the UN system on technology-related issues, and services ECOSOC's Commission on Science and Technology for Development (CSTD). The focus is on helping to strengthen the ability of developing countries and countries in transition to formulate and implement sound science and technology policy. The following should be noted with regard to 2005:

- *The Digital Divide: ICT Development Indices 2004*[14] provides a comparative analysis of infrastructure, policy measures and access to ICT across more than 150 countries. The ICT Benchmarking Tool was presented to the World Summit on the Information Society. It is being further expanded to provide more coverage for newly defined ICT development parameters and to integrate the time dimension into the datasets.

- The Science, Technology and Innovation Policy Review (STIP) for the Islamic Republic of Iran was completed. STIP reviews examine national innovation systems and help

countries develop policies to integrate science and technology into national development strategies. The review for the Islamic Republic of Iran seeks to strengthen the role of science and technology institutions in building national productive capacity and international competitiveness. Several other developing countries have requested STIP reviews.

- A new initiative launched to create a network linking existing centres of excellence on science and technology in developing countries will initially focus on biotechnologies and ICT which have wide-ranging application in health, agriculture and the environment. The centres are expected to serve as regional learning hubs to train scientists and engineers from developing countries. The initiative will help bridge the North–South technology gap, encourage the transfer of knowledge and technology, and reverse the negative impact of the brain drain by generating a critical mass of researchers in the developing world.

- A pilot project of "Connect Africa" was initiated in Lesotho in partnership with the Centre des Technologies de l'Information of Geneva to provide customized training for ICT engineers and technicians from the least developed countries of Africa.
- An interactive forum was set up on the STDev Network, the electronic gateway to information on science and technology for development, with a view to promoting networking, sharing of national experiences, facilitating information flows and increasing the impact of the work of the CSTD. As a first step, a database of science and technology bodies, including public, academic and private institutions, was established, with almost 400 entities listed as of December 2005.

D. Linking enterprise development to investment and technology

In the area of enterprise development:

- Experts at the Expert Meeting on Enhancing the Productive Capacity of Developing Country Firms, held in December 2005, analysed the main trends of outward FDI by developing country enterprises; the drive by regional and global players to internationalize; the long-term impact of investing abroad on the competitiveness of domestic enterprises; and possible ways of encouraging internationalization and South–South cooperation. The meeting had the benefit of country case studies[15] on the internationalization of developing country enterprises through outward FDI and information on the outcome of national seminars in Brazil and China.

- UNCTAD participated with the OCED and the University of Fribourg in the joint research project financed by the Geneva International Academic Network on how to increase the participation of SMEs in global value chains.

- UNCTAD's Business Linkages Programme focuses on ways and means of creating and strengthening linkages between TNCs and domestic SMEs in developing countries.

- Within the framework of the GTZ-UNCTAD Project on Promotion of Inter-firm Cooperation in the North-East of Brazil, a series of country case studies (India, Malaysia, Mexico, South Africa and Uganda) were conducted on best practices in the

promotion of business linkages from a policy perspective. The goal is to better understand how TNC–SMEs linkages can become a key driver of economic growth and an effective channel for the transfer of foreign technology and knowledge, so as to offer practical advice to the Brazilian Government on concrete linkage opportunities. A number of TNCs have committed themselves to assisting their supply chain partners in various areas of upgrading.

- The UNCTAD Business Linkages Programme in Uganda, launched in October 2005 with the support of SIDA, is being implemented by Enterprise Uganda in collaboration with the Uganda Investment Authority (UIA). With the commitment of two TNCs already, the two-year pilot aims at facilitating over 20 business linkages in agribusiness, manufacturing, telecommunication and other sectors.

- UNCTAD is also pursuing potential business linkages projects in Viet Nam with initial funding from Unilever.

In 2005 the EMPRETEC programme:

- Expanded to Angola and Guyana, and intensified work in Jordan and Romania (with substantial funding from the countries concerned) and in cooperation with the Palestinian Authority. A Jordan assessment mission (November 2004) showed how the EMPRETEC programme can help build productive capacity at the enterprise level and provide a competitive edge to SMEs competing in global markets;

- Used the experience and know-how of established EMPRETEC centres such as those in Ghana and Uruguay for the benefit of SME development in other EMPRTEC centres;

- Organized the International EMPRETEC Directors Meeting in November 2005, which was attended by representatives from 20 countries, including 5 LDCs. The Directors considered ways and means of improving the effectiveness of the training methodology, the need for customization, the key success factors in the selection and preparation of trainers, the financial sustainability of the centres, the need for communication and networking, and the role of the international coordination unit;

- Developed EMPRETEC programmes for South and South-East Asia covering Indonesia, Maldives and Sri Lanka, affected by the tsunami, and for the Republic of Moldova. Both projects need funding.

E. Enhancing corporate governance and transparency

The Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) met in November, with the participation of about 220 experts from 72 member States. The Working Group plays an important role in improving corporate governance and transparency as a key component of a stable investment environment and of consistency in the international financial system.

- The meeting focused on the practical issues in implementing the International Financial Reporting Standards (IFRS), which were adopted

in 2005 by about 100 countries. This single set of reporting standards was developed by the International Accounting Standards Board (IASB), a private sector entity based in the United Kingdom. However, practical implementation of the IFRS gives rise to a number of serious institutional and capacity-building challenges for developing countries and countries with economies in transition, which lack the infrastructure and knowledge required for convergence with IFRS. UNCTAD and the IASB jointly organized a technical workshop on IFRS implementation attended by about 100 participants and international experts, who asked UNCTAD to help ensure adequate representation of developing country views on these issues.

- The Working Group agreed that its advice on "good practices in corporate governance disclosure" could be a useful voluntary tool for promoting increased transparency and improved corporate governance. It requested the UNCTAD secretariat to prepare the advisory document for publication and to disseminate it as widely as possible. This is a highly significant outcome, pioneering consensus on guidance on corporate governance disclosure reached through intergovernmental deliberations at an international level.

Two more countries agreed to use UNCTAD/ISAR guidelines. Pakistan has incorporated the guidelines on accounting by SMEs. Kenya decided to adopt the ISAR recommendations on corporate governance disclosures. The IASB and the International Federation of Accountants — the two global standard-setters in the area of accounting — are considering the use of ISAR guiding documents on accounting by SMEs and on professional education in the field of accounting in their standard-setting activities.

UNCTAD also continued its technical assistance to the USAID-funded project in the CIS region aimed at developing a national regional accounting qualification that meets international requirements, based inter alia on ISAR model curriculum.

The Expert Meeting on Positive Corporate Contributions to the Economic and Social Development of Host Developing Countries, held in October 2005, helped in developing a common language and understanding concerning the economic development dimension of corporate responsibility. Experts discussed examples of company and industry guidelines and country policies with regard to encouraging best practices

Box 15. Building productive capacities and international competitiveness: Summary of results and overall assessment

Key achievements in 2005 included:

- Producing more than 100 publications, including books, manuals, reviews, reports, issue papers, booklets and Internet publications. For the period 2004–2005 as a whole, some 90 per cent of 335 survey respondents from 70 countries considered UNCTAD's research publications on FDI "very useful" and over 95 per cent considered their content "excellent". More than 2,000 articles were published worldwide on these publications and FDI database.

- Completing some 120 advisory and other missions. Of these, about a third enhanced national capacity in the investment policymaking area, and in regional, bilateral and international investment negotiations. Another third supported the undertaking of measures to strengthen the role of investment promotion agencies.
- Over 100 countries benefited from one or more of the Division's programmes, including 42 LDCs.
- Launching the *World Investment Report* (WIR) 2005, which included UNCTAD's first ever survey of TNCs' R&D strategies in over 75 countries. The WIR generated over 1,000 separate press clippings and was downloaded over 329,000 times within five weeks of its launch. The WIR continues to be the authoritative source of global and regional trends and analysis.
- Completing its first-generation series of studies on international investment agreements (IIAs) and launching a second series. An independent evaluation of the IIA section found UNCTAD's work "has a strong, direct and sustained impact" and is highly cost-effective.
- Prepared five investment policy reviews (IPRs) — for Brazil, Colombia, the Islamic Republic of Iran, Kenya and Zambia — and several new products to expand and complement the IPR series. These included the Invest in Peace initiative — after a successful pilot in Sri Lanka — and the Blue Books on Best Practice in Investment Promotion and Facilitation.
- Holding, through the Intergovernmental Working Group of Experts on Standards of Accounting and Reporting (ISAR), a number of very well attended meetings on corporate transparency and disclosure to address key reporting issues. The revised ISAR model curriculum is used by the Commonwealth of Independent States for its professional qualification.

Key challenges include:

- Further integrating core investment activities in order to maximize the available synergies, as well as improving coordination with the work of other programmes and UN agencies;
- Deepening partnerships with civil society and with business in order to enhance outreach and the impact of its work;
- Focusing even more on the specific needs of the least developed countries and of Africa;
- Improving the dissemination of research and policy analysis on investment, especially through increased use of new media such as the Internet and CD-ROMs;
- Introducing more systematic reporting by beneficiary Governments on the implementation of UNCTAD policy recommendations;
- Meeting the increasing demand for UNCTAD's products and services, particularly its Investment Policy Reviews and training activities, with an increasingly constrained budgetary position.

In order to better respond to some of these challenges, several new management and outreach tools were introduced in 2005, including a database to better coordinate technical assistance activities; regular web updates of individual programmes; the organization of internal retreats; and the launch of a regular newsletter to improve internal information flows.

4. Ensuring development gains from the international trading system and trade negotiations

Consistent with the UNCTAD XI emphasis on the *qualitative* integration of developing countries into the international trading system, there were a number of important achievements in 2005 as the result of an array of analytical and research, technical cooperation and intergovernmental consensus-building activities[16] (see box 20 for a summary of the main results).

A. Pro-development trade integration: Making progress on the São Paulo Consensus

There was progress towards stepped-up implementation of UNCTAD XI initiatives,[17] as follows:

- *South–South trade, especially the Global System of Trade Preferences (GSTP).* The World Summit, the Second South Summit and the African Union Trade Ministers Meeting (June) recommended a strengthening of South–South cooperation and trade, including through the third round of negotiations of the GSTP. Such recommendations derived in part from the analyses and advisory support provided by UNCTAD. Market access GSTP negotiations continued on the techniques for exchanging concessions. Draft administrative arrangements on rules of origin are being finalized. Burkina Faso, Burundi, Madagascar, Suriname, Rwanda, Haiti, Uruguay, Mauritania and Uganda have applied for accession. Progress in negotiations in the first half of 2006 is critical to meeting the end-of-2006 deadline for the conclusion of the GSTP negotiations.

- *Networking of regional trade agreements.* The publication entitled *Multilateralism and Regionalism: The New Interface*"[18] provides an analysis of policy issues arising from regional trade agreements, including WTO rules on regional trade agreements, rules of origin, North–South agreements, and South–South integration and trade cooperation.

- *Sectoral reviews of new and dynamic sectors in international trade.* The first sectoral review was conducted at the Expert Meeting held in February,[19] encompassing outsourcing of IT-enabled services; renewable energy products, including bio-fuels; and textiles and clothing. As a concrete follow-up, UNCTAD launched a BioFuels Initiative in June (see below). The Commission on Trade in Goods and Services, and Commodities agreed that one intergovernmental expert meeting each year would conduct a sectoral review, with particular attention to LDCs and African countries. Accordingly, the second sectoral review was conducted by the Expert Meeting held in October[20] on electronics, fish and fishery products, and steel and related specialty products. As a practical follow-up measure, a subregional pilot programme with collaboration between UNCTAD and Philips was initiated to find potential opportunities for Southern African countries to participate in trade in electrical and electronic goods and services.

- *Trade and development benchmarks.* UNCTAD launched in late October the Trade and Development Index (TDI), contained in the report entitled *Developing Countries in International Trade 2005*.[21] The chief innovation of

the Index, which was developed in consultation with DESA, the World Bank and the IMF and with the support and advice of the 1980 Nobel Laureate Professor Klein, is that it quantifies the complex interplay of factors that determine both trade progress and human development (see box 16). The Index will contribute to, among other things, a systematic follow-up to the MDGs and the outcome of the 2005 World Summit. Professor Klein welcomed the flexibility of the Index: "it allows countries to incorporate the effects on trade and development of world events as they happen". The Index, which received extensive media coverage, represents work in progress and further refinement is being carried out.

Box 16. The new Trade and Development Index

- The TDI is constructed as a weighted sum of 11 components — namely, human capital, physical infrastructure, financial environment, institutional quality, environmental sustainability, economic structure, openness to trade, effective foreign market access, economic development, social development and gender development, together with a total of 29 indicators.
- The results indicate that the top 20 are all developed countries, except Singapore (rank 15). Denmark leads the pack, followed by the United States and the United Kingdom. The TDI scores of Sweden, Norway, Japan, Switzerland and Germany are particularly close.
- Three developing countries are in the top 30. Besides Singapore, they are the Republic of Korea (rank 25) and Malaysia (rank 28).
- At the other extreme all the bottom 20, except Pakistan and Papua New Guinea, are either least developed countries (LDCs) or African countries, or both. The bottom 10 are all African countries, with 9 being LDCs; indeed, only two African countries — South Africa (rank 41) and Mauritius (rank 47) — are among the top 50 scorers.
- The East Asian/Pacific TDI performance is due largely to relatively high average scores for physical infrastructures and financial environment, and to some extent market access indicators.
- The analysis also indicates that the contribution to the TDI of the openness to trade component is the largest and explains almost 15 per cent of the TDI score on average.
- High TDI scoring countries show much less variability in the contribution of individual components making up the TDI that those that have scored poorly. This relationship suggests that successful countries must focus simultaneously on multiple goals within a coherent trade and development strategy, while emphasizing reduction of the existing gaps in areas where performance is lagging. This also points to the need for greater coherence between trade policy and rule making on the one hand, and development strategies on the other. It should also help elaborate both priorities for the "Aid for Trade" concept and practical packages of measures. Future work on TDI will include an in-depth focus on these issues.

Source: UNCTAD, *Developing Countries in International Trade, 2005*.

- *BioTrade Initiative in Africa*. Technical assistance was provided to initiate a National BioTrade Programme in Uganda, coordinated by the Uganda Export Promotion Board, where a BioTrade Unit was created.
- *International Task Force on Commodities (ITFC)*. H.E. Mr. Benjamin William Mkapa, former President of the United Republic of Tanzania, will chair the Task Force. Candidates for membership have been identified and contacts have continued

with potential donors to finance the ITFC.

- *National services assessment.* National sectoral studies have been concluded for Rwanda, Indonesia, Colombia and Kenya. New work in selected services sectors has been started in Jordan, Guatemala, El Salvador and Thailand. UNCTAD has also assisted national assessment studies undertaken in the context of the regional integration processes in the Andean Community, the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), as well as in the national context for Cameroon, Congo, the Democratic Republic of the Congo, Djibouti and Madagascar.

- *Competition policy.* The Fifth UN Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices (Antalya, Turkey, 14–18 November) was a major accomplishment in 2005. The review, which is conducted every five years, concluded with unanimous decisions on (i) dealing with anti-competitive practices that affect effective market entry, including hard-core cartels; (ii) ways and means of facilitating adoption of competition laws and policies by developing countries and countries with economies in transition; and (iii) cooperation among competition authorities and Governments. The Conference also recommended to the General Assembly that it convene a Sixth Review Conference in 2010 under the auspices of UNCTAD. The Conference also served as the annual meeting of the Intergovernmental Group of Experts on Competition Law and Policy, the only truly global meeting of competition experts. The Conference participants commended UNCTAD for its work on competition law and policy, including its capacity-building activities, policy advice and publications.[22]

- *Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (CTF).* Within the framework of the CTF, an in-depth feasibility study was commissioned for the creation of an online portal that guides users to existing online information clearing houses on environmental requirements. A workshop on strategic adjustment policies, jointly organized by UNCTAD and ESCAP in Bangkok in May, focused on new mandatory requirements and related voluntary initiatives in the EU, Japan and other developed countries on sound recycling of waste electrical and electronic equipment. As regards horticultural products, the CTF analyses proactive adjustment approaches to new private sector supply chain requirements. It also assesses how national circumstances (regulatory, agronomic and social), and developmental priorities in developing countries can be reflected in EurepGAP[23]-benchmarked national codes on good agricultural practice.

B. Enhanced analytical work as a basis for consensus-building

Analytical work undertaken in 2005 in support of intergovernmental deliberations on consensus-building included:

- Support to the General Assembly's discussion on trade and development,[24] which focused on, in particular, the implications for developing countries

of multilateral trade negotiations under the WTO Doha work programme since the "July Package" (WTO General Council decision of 1 August 2004);

- An assessment of progress in achieving the development dimension of the Doha round as a contribution to the follow-up to the International Conference on Financing for Development;[25]

- Facilitation of an ECOSOC Ministerial Roundtable Meeting on "The impact of commodities on poverty reduction and sustainable development in least developed countries and other vulnerable economies" (New York, 30 June);

- Help in organizing in cooperation with the Government of Benin a General Assembly Panel on "Challenges for international commodity policy: The cotton problematique" (New York, 22 November);

- Backstopping discussions at the fifty-second session of the Trade and Development Board on developments in the post-Doha work programme of concern to developing countries,[26] an exchange greatly appreciated by member States since it enabled frank exchanges taking place outside a negotiating environment; and

- Arranging the ninth session of the Commission on Trade in Goods and Services, and Commodities[27] and its five expert meetings on new and dynamic sectors of world trade (two), professional services, non-tariff barriers and distribution services,[28] as well as an ad hoc expert group meeting on insurance services.

In terms of analytical publications, and in addition to the work on the TDI reported above, the following are noteworthy:

- A new series on trade, poverty and cross-cutting development issues was launched, with the first publication entitled *Towards a New Trade "Marshall Plan" for Least Developed Countries: How to Deliver on the Doha Development Promise and Help Realize the United Nations Millennium Development Goals?*[29]

- *Multilateralism and Regionalism: The New Interface*,[30] dealing with development coherence between regionalism and multilateralism.

- In addition to the TDI, UNCTAD's new report *Developing Countries in International Trade 2005* analysed in depth two key issues, namely determinants of the export competitiveness of developing countries, and adjustment to trade reforms.

- Voluntary peer review on competition policy: Jamaica[31] and Kenya.[32]

- "Costs of agri-food safety and SPS compliance: the United Republic of Tanzania, Mozambique and Guinea, tropical fruits".[33]

- "Trends in world commodity trade: Enhancing Africa's competitiveness and generating development gains".[34]

- "Progress in the development of African commodity exchanges".[35]

C. Providing modern tools for trade, trade negotiations, and commodity analysis and information

UNCTAD continued to strengthen its series of specific trade-related tools to assist the work of policymakers, trade negotiators, academics and business executives:

- The *Trade Analysis and Information System* (TRAINS) currently contains 156 volumes of tariff schedules, 52 volumes with para-tariff measures, 95 publications on non-tariff measures and 70 volumes on detailed import statistics at tariff-line level by origin. Software jointly developed by UNCTAD and the World Bank (World Integrated Trade Solution — WITS) allows users to access the entire time series of the database through the Internet. Over 2,000 of the approximately 3,200 licences issued to users of WITS were issued in 2005. TRAINS contributes data for the calculation of MDGs indicators on market access. The widespread use of TRAINS, particularly by the OECD, the World Bank and the IMF, as well as UNCTAD itself, attests to the recognition of its usefulness. The database serves as the primary source of data for other databases such as the Agricultural Market Access Database (AMAD), which in turn is often referenced as an information source in many publications on trade in agriculture. That a number of universities and private organizations have made voluntary contributions to the TRAINS trust fund is a good indication of the value of the system.

- The *Common Analytical Market Access Database* (CAMAD) is a database developed by UNCTAD, WTO and ITC that brings together all data sources collected or received by each organization. It promises to be the most comprehensive market access database in the world. As of the end of 2005, it will be made publicly available in the near future.

- The *Agricultural Trade Policy Simulation Model* (ATPSM) is a comprehensive database and simulation-modelling software intended for use by agricultural trade policymakers who may not have a knowledge of economics, modelling or programming. There is evidence of increasing use of ATPSM in developing countries to undertake analysis of agricultural impacts of alternative scenarios of international trade negotiations. The ATPSM is available on CD-ROM and can be downloaded from UNCTAD's website.

- The *International Commodity Information Electronic Portal* (Infocomm) provides up-to-date quantitative and qualitative information on major commodities while helping to gather key strategic information on fundamental factors influencing the functioning of the market. The portal now covers 40 different commodities. *Infocomm* has reached a total of more than 160,000 sessions and roughly 6 million hits by outside users per month.

- *Infoshare* is a pilot commodity-information-sharing database system developed to allow interested partners to gather information on farm-gate and other relevant prices and costs (e.g. inputs, local transportation, storage, inspection costs and relevant interest rates) as well as qualitative information on issues such as national quality standards, and lists of exporters. *Infoshare* was first tested in Cameroon in 2005. In May, the *Infoshare* system was selected by the United Nations Department of Public Information as

one of the "ten stories the world should hear more about".

- The *Measures Affecting Services Trade* (MAST) database enables potential users to undertake cross-sector and cross-country comparisons of legal measures applied to services trade, including law, regulations and the like, as defined by Article XXVIII of GATS. Currently, MAST is a web-based interactive application where users can log on and extract relevant information.[56]

D. Helping countries to build capacities

UNCTAD carries out innovative, demand-driven and sustainability-focused capacity-building projects for developing countries, especially LDCs and African countries, as well as economies in transition. In the implementation of many of these projects, UNCTAD cooperates closely with other UN organizations, international agencies, academia, civil society and the private sector. In addition, UNCTAD staff participated as resource persons in meetings organized by member States and by other organizations.

These capacity-building programmes benefited from financial support from donor countries and institutions, including Canada, Denmark, Finland, France, Germany, Japan, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom; some developing countries, such as those contributing to the GSTP or to selected activities; and institutional donors such as the Common Fund for Commodities, the EU, UNDP, the United Nations Fund for International Partnerships and the United Nations Development Account.

1. Trade negotiations and commercial diplomacy

Over 172 capacity-building activities (81 advisory services and 91 workshops) were provided by UNCTAD to developing countries and countries with economies in transition to build human, institutional and regulatory capacities in trade policy formulation and implementation, and to strengthen their participation in international trade. In the framework of the Doha negotiations, and upon request, UNCTAD assisted developing countries in their preparations for the Sixth WTO Ministerial Conference, held in Hong Kong (China). It provided technical support to the Second South Summit (June), the African Union Trade Ministers Meeting in Cairo (June) and in Arusha (November), the LDCs Trade Ministers Meeting in Livingstone (June), the Meeting of Trade Ministers of Landlocked Developing Countries (August), the Arab States Ministerial Meeting in Amman (September) and the ACP Trade Ministers Meeting (November). In addition, various technical meetings and seminars on the Sixth WTO Ministerial Conference and the Doha Round were organized for individual countries or country groups. For example:

- Country-focused projects mobilized extensive stakeholder consultations (e.g. the India project involving the Ministry of Commerce, DFID and UNCTAD);
- The JITAP project (UNCTAD, WTO and ITC) for 16 African countries;
- African countries received focused support from a capacity-building programme for trade development in Africa (financed by UNDP); and
- LDCs' preparatory activities, including a consultation meeting in Geneva on

3 December 2005 that enhanced their preparations for the WTO Ministerial Conference.

UNCTAD also:

- Enhanced its support for services policy formulation, services supply capacity-building and GATS negotiations for individual countries and regional organisations at the sectoral level and in overall terms. A number of studies were finalized or initiated on the assessment of services, for example in Rwanda, Indonesia, Colombia and Kenya, as well as for the Andean Community, COMESA and SADC. Other studies were prepared on specific services sectors such as outsourcing, financial services, domestic regulations, emergency safeguard measures and services subsidies. Substantially increased assistance was provided for the GATS negotiations, including on the request/offer process, specific commitments and rule-making negotiations. A particular contribution was made by UNCTAD to the ongoing debate on GATS negotiations in the area of Mode 4 (temporary movement of persons supplying services), including through participation in the Geneva Migration Group. Similar assistance was provided to countries engaged in services negotiations under regional trade agreements.

- Provided assistance in the form of advisory missions and training to 16 countries acceding to the WTO, including all acceding LDCs (Bhutan, Cape Verde, Ethiopia, Lao People's Democratic Republic, Sudan and Yemen).

- Supported the strengthening of regional integration among developing countries in Africa, Asia and Latin America, and addressing challenges arising from North–South initiatives such as support to ACP States for negotiations with the EU on economic partnership agreements.

- Administered the notifications on certificates of origin and changes in GSP schemes, compiled trade and tariff information on GSP schemes, updated handbooks of various GSP schemes, and provided advice and training on the utilization of GSP schemes and rules of origin. These activities are directed at providing traders and government officials with a better understanding of trading opportunities available under respective GSP schemes and assisting them in complying with rules of origin and other administrative requirements.

- Provided training on dispute settlement in international trade, investment and intellectual property. The project in question trained some 90 governmental and non-governmental professionals (one third of whom were women) from 30 countries, 10 of which were LDCs. The project's training course modules were downloaded some 350,000 times in 2005.

- Organized interactive, lunchtime meetings in Geneva designed to make WTO Panel and Appellate Body rulings more accessible to trade negotiators and other affected stakeholders. Two such meetings were held in 2005, on, respectively, the US gambling case and the EC sugar case.

The constructive contribution of UNCTAD to these various activities has been widely appreciated (see box 17).

Box 17. Feedback on UNCTAD's work on trade negotiations and commercial diplomacy

"The excellent documentation and participation of your staff greatly enriched the deliberations of our meeting." (Elizabeth Tankeu, African Union Trade Commissioner, in a letter dated 14 June 2005 on UNCTAD's support to the 3rd Conference of African Ministers of Trade, Cairo, 6–9 June 2005)

"Express our appreciation to the Government and People of the Republic of Zambia for hosting our meeting in Livingstone and to thank the UNCTAD and WTO secretariats as well as our development partners for their support." (Livingstone Declaration adopted by the Fourth LDC Trade Ministers Meeting, 25–26 June 2005)

"We also express our appreciation to UNCTAD, the League of Arab States and other cooperating organizations for their support" (Amman Declaration adopted by the Arab States Ministerial Meeting on the 6th WTO Ministerial Conference and MDGs, 26–27 September)

"In terms of an operational structure for support, building on the Integrated Framework makes considerable sense, expanded to cover all low-income countries in Africa (and elsewhere), not just LDCs. The Joint Integrated Technical Assistance Programme (JITAP) of the WTO, UNCTAD, and ITC may be another mechanism." (Report of the Commission for Africa, March 2005)

"It is no exaggeration to say that Cambodia would not be a WTO member today, had it not been for UNCTAD's timely and expert assistance" (Cham Prasidh, Senior Minister, Minister for Commerce, in a letter dated 10 October 2005)

"Let me at the outset express the Sudan Government's thanks and appreciation for UNCTAD's continuous efforts in support of Sudan in different areas and particularly in its efforts to accede to the World Trade Organization (WTO)" (Siddig Abdelaziz Abdalla, WTO Desk Officer, Permanent Mission of Sudan to the UN, Geneva, letter of 2 August 2005).

2. Trade analysis

Work to identify and quantify non-tariff barriers (NTBs) intensified in 2005, so as to enhance understanding of their impact on international trade, and to contribute to the Doha Round negotiations on non-agricultural market access (NAMA), particularly by concentrating on NTBs of concern to developing countries. A renewed impetus was given to this work by the Expert Meeting on Methodologies, Classifications, Quantification and Development Impacts of Non-Tariff Barriers (September 2005),[37] which provided a forum for researchers and policymakers to clarify key methodological, classification and technical issues, including ways of quantifying NTBs. It also focused on issues concerning assistance to developing countries, including LDCs, in building their analytical and statistical capacities for assessing NTBs affecting their exports. A new partnership on NTBs was launched between UNCTAD, other international organizations, the donor community, academia and NGOs: the Secretary-General of UNCTAD has now set up a Group of Eminent Persons on NTBs, composed of executive-level representatives of all international organizations concerned.

A meeting on "Coping with trade reforms: A developing-country perspective on the WTO industrial tariff negotiations" (January 2005) underscored the

significance of support policies and actions that accompanied the liberalization process, on the basis of reports on Bangladesh, Brazil, Bulgaria, India, Jamaica, Malawi, the Philippines and Zambia produced under the DFID-supported project on Supporting Developing Countries' Assessment of the Non-Agricultural Market Access Negotiations.

Support to developing countries in trade policy formulation, market access negotiations on agricultural and industrial products and export competitiveness was extended through the trade and market information tools developed under TRAINS and the ATPSM.

3. Commodities

UNCTAD provided substantive servicing to the second and third parts of the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement, 1994 (February and June respectively). It also serviced the United Nations Conference for the Negotiation of a Successor Agreement to the International Agreement on Olive Oil and Table Olives, 1996 (April 2005).

A broad range of technical cooperation and capacity-building activities relating to commodities and development included the following:

- Training activities on innovative financing techniques for commodities. Continuing support was provided to commodity exchange development, particularly in India, and towards the establishment of a new pan-African commodity exchange. The latter was strongly endorsed in the Arusha Declaration and Plan of Action on African Commodities adopted by the African Union's Second Extraordinary Conference of Ministers of Trade on Commodities (Arusha, November), to which UNCTAD provided substantive contributions. UNCTAD sponsored a brainstorming meeting on "Hydrocarbons and Procurement Systems in sub-Saharan Africa and Development" (Geneva, December 2005).

- A number of activities were carried out to enable developing countries to participate more effectively in international commodity trade by understanding better the exigencies of modern markets and to make better use of the revenues generated from their commodity exports. The innovative approach, focused on the whole value chain rather than selected actors, seeks to arrive at an integrated set of solutions that would encompass the disadvantaged producers and allow them to benefit from the existence of stronger participants in the value chain. Such activities included:

  - A project on diversification and commodity-based development, especially for Mongolia;
  - Capacity-building and policy networking for sustainable resource-based development, addressing mining in Uganda, Africa and Latin America;
  - Total quality management with Migros, Geneva;
  - Costs of compliance with sanitary and phytosanitary standards in the United Republic of Tanzania, Mozambique and Guinea;
  - Improving the sustainability of cotton production in West Africa;
  - A value chain approach to help in diversification of commodity dependent countries under the JITAP programme; and

- A project on price fluctuations and compensatory mechanisms.

- Organization and servicing of the 9th African Oil and Gas, Trade and Finance Conference (Maputo, 31 May – 3 June) — the continent's largest energy event — together with ITE Group PLC, the Ministry of Energy and Mines of Mozambique, the Mozambican National Hydrocarbons Corporation and Petroleos do Moçambique. The conference highlighted Africa's growing role as a hydrocarbons producer, and the large potential in many of the countries that are not among the continent's traditional oil and gas exporters. It also explored how the development impact of oil and gas production could be improved, including by enhancing linkages with other parts of the economy, and discussed how oil-importing countries should deal with the current high price environment (see box 18).

- UNCTAD actively participated in the commodity-related work carried out within the WTO framework, including the subcommittee on cotton.

Box 18. Feedback on UNCTAD's work on commodity issues: Appreciation for the African Oil and Gas, Trade and Finance Conference

UNCTAD's African oil and gas conference has become the continent's prime networking event on energy issues involving many senior decision makers from the energy and finance sectors. Its strong substantive content is much appreciated by the participants.

Comments on the 2005 Conference in Mozambique include:

- "The conference was extremely useful; it is always a good venue to network and I liked the subjects covered, particularly the financing of indigenous companies..." (Gabriel Kuiatse, Marketing Manager, Schlumberger West & South Africa).

- "The conference was professionally arranged, it contained many valuable sessions and lots of contacts were made" (Aasmund Erlandsen, General Manager, DNO Mozambique).

- "For an event of its size and in a relatively remote location, I thought that it went off with very few glitches compared to many events I have attended in the past. The venue was fabulous and the mix of delegates first-rate..." (Dianne Sutherland, CEO/Chief Editor, Petroleum Africa).

The Mozambique Ambassador to the United Nations in Geneva, H.E. Alexandre da Conceição, wrote: "I am particularly obliged to pay special tribute to UNCTAD for its continuous efforts towards the promotion of investment opportunities and economic dialogue, particularly with respect to energy policy issues in Africa".

UNCTAD's practice of organizing the event alternately in oil-exporting and oil-importing countries, and in large, established oil-producing countries as well as smaller ones, has enabled many countries to attract companies that otherwise would not have been interested in learning about the trade and investment opportunities that they provide.

Appreciation for work on cotton:

"Votre Institution a apporté un appui effectif à ce dossier depuis sa soumission aux organes compétents de l'OMC, en mai 2003. Cet appui a contribué à l'obtention des résultats d'étape auxquels nous sommes parvenus sur le coton à l'issue des travaux de la Conférence de Hong Kong. Aussi voudrais-je exprimer à vous-même ainsi qu'à vos collaborateurs la gratitude des Autorités des quatre (4) pays co-auteurs de l'Initiative Sectorielle en faveur du coton." (Ambassador Samuel Amehou, Benin, Geneva Mission, letter dated 28 December 2005)

4. Competition law and policies

A vision of creating a worldwide competition culture continued to underpin UNCTAD's work. Among developing countries, Botswana, Cambodia, Costa Rica, Egypt, El Salvador, Kenya, the Lao People's Democratic Republic, Lesotho and Malaysia achieved most progress in 2005 in the preparation, adoption, revision or implementation of national competition legislation as a result of UNCTAD's support and assistance. The work helped Governments review the following: the role of competition policy in the promotion of competitiveness and development; the need for a development-oriented competition policy and its implications at the national, regional and international levels; and strategies for international cooperation in this area, including for the achievement of the MDGs. In particular, UNCTAD in 2005:

- Provided support for the preparation, adoption, revision or implementation of national competition and consumer protection policies and legislation in Angola, Bhutan, Botswana, Brazil, Cambodia, Egypt, Indonesia, Jamaica, Jordan, Kenya, the Lao People's Democratic Republic, Lesotho, Malaysia, Malawi, Morocco, Mozambique, Namibia, Romania, South Africa, Thailand, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe;

- Continued implementation of the COMPAL (Competition and Consumer Protection Policies for Latin America) programme for five Latin American countries (Bolivia, Costa Rica, El Salvador, Nicaragua and Peru);

- Helped COMESA to adopt common competition rules, effective in early 2005;

- Conducted two regional training courses for judges and public prosecutors on the enforcement of competition law as well as a training course on investigation and evidence-gathering in competition cases for Kenya, Zambia, Malawi, Zimbabwe, the United Republic of Tanzania and South Africa. A training course was organized for Brazilian Public Prosecutors in cooperation with Esccola Superior do Ministerio Publico da Unisao, in which experts from Angola and Mozambique also participated as part of UNCTAD assistance to Portuguese-speaking countries;

- Organized a regional conference in Saint Lucia on CARICOM competition law and consumer protection for all CARICOM member countries. The conference reviewed CARICOM's competition and consumer protection rules, modalities for their application and assistance to Saint Lucia to test their application and enforcement at the national level;

- Arranged three national workshops in Kenya, Mozambique and Uganda to discuss country studies reviewing the status of competition law and policy; the workshops formed the basis for the preparation of a competition policy framework for Mozambique and recommendations for changes to the draft competition law in Kenya and Uganda;

- Organized a training course on investigative tools for case handlers for the Kenyan Monopolies and Prices Commission;

- Held a national workshop in Cambodia to review the economic mapping and legal inventory reports prepared for the formulation of a competition policy paper and to set the terms of reference for the competition law;

- Organized two stakeholder meetings to review the Malaysian competition policy paper, which formed the basis for the terms of reference of the competition law;

- Held a technical expert meeting to discuss UNCTAD's study on the formulation of a regional competition framework for the enforcement of Articles 40 and 41 of the SACU agreement;

- Prepared peer review reports on Jamaica's and Kenya's competition law and policy for discussion at the Fifth UN Review Conference (Antalya, Turkey, November). These also served as a basis for needs assessment and technical assistance by UNCTAD to both countries.

- A training course on the evaluation of competition cases was organized for the newly appointed Malawi Competition Commissioners. The course drew on UNCTAD's training material and expertise, as well as experts from South Africa, Zambia, Kenya and Zimbabwe.

Box 19. Appreciation of UNCTAD's work on competition law and policy

"The workshop was well organised and the facilitators were very much at hand to offer the necessary assistance" "... As our [Namibian Competition Act] is not yet in force, I have learned a lot which will help me to implement it as soon as our act is in force." (Investigation Training Course, Livingstone, Zambia, 5–8 October 2005).

"It is extremely important to continue to organise regularly these UNCTAD's seminars with a wide participation of representatives of post-socialist States" (International Conference on the Contribution of Competition Policies to the achievement of MDG in Countries in Transition, Baku, 27–28 September 2005)

"Excellent planning of agenda, appropriate participants, active exchange of experiences among participants" (Training course on consumer protection, Castries, Saint Lucia, 11–15 April 2005)

"It was well organised and the breaking down into sessions was quite effective. The presenters were well versed in their respective fields and such I learned a lot of new things." (Workshop to prepare an annex agreement on RPB to the SACU agreement, Mbabane, Swaziland, 11–12 March 2005)

"Very good presenters. The format was conducive to brainstorming. So very lively discussions" (Conference on Competition Policy, Competitiveness and investment in Global Economy, Dar-es-Salaam, United Republic of Tanzania, 10–12 May 2005)

"The way it was organised, the organisers did a recommendable job in conducting presentations and time management. The Conference was a success." …."Highly learned and experienced personalities" …. "It enabled participants gauge the level of development in the implementation of Competition Policy and Law in the countries of the region" (Regional training course for judges and adjudicators, Kenya, 28 February – 4 March 2005)

5. Trade, environment and development

An extensive range of capacity-building activities under various projects included the following:

- A steady stream of activities to help build developing countries' capacities to deal with the WTO negotiating mandate on liberalization of trade in environmental goods and services. Alone and with UNEP (in the context of the CBTF), UNCTAD conducted a number of national workshops (Philippines, Honduras, Nicaragua and Cuba), subregional workshops (Dominican Republic, Peru and Nicaragua) and workshops back to back with WTO regional seminars on trade and environment (for Asia and Latin America), as well as advisory missions (China and Jordan) to help developing countries deal with technical issues relating to product coverage, negotiating modalities and implementation problems to be handled by Customs. These activities have been instrumental in promoting a better understanding of the proposals made so far in the WTO Committee on Trade and Environment;

- Several subregional and national meetings and workshops in Central America, the Spanish-speaking Caribbean and South-East Asia under the UK-supported project "Building capacity for improved policy making and negotiation on key trade and environment issues". The meetings focused on (i) environmental requirements and market access for leather and footwear, electrical and electronic products, and horticultural produce; (ii) promoting export and market access for organic products; and (iii) liberalization in environmental goods and services. These events resulted in awareness-raising among the countries concerned as regards the nature and trends of new sector-specific environmental requirements and their specific impact on exporting developing countries. Furthermore, there was a sharing of national experiences on strategies for adjusting to those new requirements with a view to moving from a merely reactive ("fire-fighting") approach to a proactive approach;

- The fourth and fifth meetings of the UNCTAD/FAO/IFOAM International Task Force on Harmonization and Equivalence in Organic Agriculture (ITF);

- Activities for countries in Asia and Central and South America focusing on horticultural and electronic exports under the Consultative Task Force on Environmental Requirements and Market Access for Developing Countries (as reported earlier);

- Continued implementation of the BioTrade Initiative and related activities. This included:

- Case studies and tools for trade and investment in products and services derived from biodiversity, designed for Governments, the private sector, NGOs, academia, and local and indigenous communities, as well as other international organizations;
- Progress under the BioTrade Facilitation Programme (BTFP). Six companies in Peru, with BTFP support between April and December 2005, have acquired the Safe Quality Food (SQF) seal, which gives them excellent export prospects; and
- Work with a group of other international organizations in drafting a proposal on the revision of the European Union Novel Food Regulation.
- A BioFuels Initiative launched in June to help developing countries better utilize their bioenergy potential by building capacity in the production, use and trade of bio-fuels, as well as by raising public and private sector awareness of the challenges and opportunities of increased biofuel use. Initial fact-finding missions were conducted in the Dominican Republic and East Africa, and national assessment reports were published for several countries; and
- A ministerial-level side event at the December session of the Conference of the Parties to the Climate Change Convention (COP 11) in Montreal, Canada.

Box 20. Ensuring development gains from international trade and trade negotiations: Summary of results and overall assessment

UNCTAD's accomplishments in 2005, combined with those in 2004 as reported in the *Annual Report 2004*, resulted in important progress in the biennium towards implementation of the objectives of the United Nations Millennium Declaration, the Third United Nations Conference on the LDCs, the International Conference on Financing for Development and the World Summit on Sustainable Development. There was also progress in fostering more effective participation of developing countries in multilateral, regional and subregional trade negotiations.

- Increased awareness of the close interaction between *trade and MDGs* will help shape trade-related development strategies, including international support for expanding trade capacities and infrastructure;
- The *qualitative* integration of developing countries into the international trading system is being facilitated with the stepped-up implementation of a number of the specific initiatives launched by UNCTAD XI. In particular:
  - Tracking the gains that accrue to developing countries from international trade and trade negotiations and helping assess their gainful participation in trade will be possible with the pioneering work on the Trade and Development Index launched in 2005. The TDI will also serve as a tool to facilitate monitoring of MDGs and the outcome of the 2005 World Summit;
  - Good progress was made in the third round of GSTP negotiations with a view to concluding negotiations by the end of 2006;
  - Intensified work on sectoral reviews of new and dynamic trade sectors led to several practical follow-up actions, including the launching in 2005 of the BioFuels Initiative and of the pilot programme with Philips in Southern Africa;

- In the area of *trade negotiations* :
  - The Board's annual review of developments in the Doha Round of particular concern to developing countries provides a "one of its kind" opportunity for Governments to discuss trade negotiation issues outside of formal negotiating setting;
  - There was been a marked increase in developing countries' engagement in the Doha negotiations, including for the Sixth WTO Ministerial Conference. This continues to be important in terms of ensuring broad participation in the negotiations and ownership of results, especially at the national level;
- In the area of trade analysis and information, improvement and updating of the analytical tools and coverage of the TRAINS database are a priority requirement calling for mobilization of extrabudgetary resources and provision of expert advice. The establishment of the Group of Eminent Persons on NTBs represents a major step forward in UNCTAD's work in this area.
- As regards *commodities*, UNCTAD's work and institutional memory have been instrumental in setting the rejuvenated international debate on commodities within a realistic and operational framework and in promoting new and innovative approaches. However, the pressure of handling technical assistance requests may be adversely affecting the ability to conduct high-quality analytical work on commodity issues.
- In the area of *competition law and policy*, the promotion of a competition culture has been strengthened with the outcomes of the Fifth UN Review Conference, as individual countries reflect these in their competition policies. Priority needs include more in-depth economic analysis of competition issues and the active participation of developed competition agencies in sharing their knowledge and expertise.
- In the area of *trade, environment and development*, activities have demonstrated that greater concrete action at the international and national levels is needed to promote a more proactive strategy on trade, environment and development. This requires enhanced policy coherence at national level, active participation in international discussions, and more sector- and country-focused analysis and capacity development. As an observer, UNCTAD has played a very supportive and fact-providing role in the Doha negotiations on the liberalization of trade in environmental goods and services.
- Whilst analytical and quantitative support, advisory services and technical assistance do respond favourably to the short-term needs of trade negotiators and policymakers, such support will have a sustainable impact when longer-term institutional, human and regulatory capacity-building needs are addressed in parallel. The provision of adequate and regular financial assistance by donors to UNCTAD's trade and commodities technical cooperation projects is crucial in enhancing the organization's capacity to respond to the increasing number of requests from developing countries on a timely and sustained basis. Such assistance is particularly important for the effective implementation of UNCTAD XI initiatives at the country level. In-house and inter-agency cooperation and collaboration have proved useful in enhancing the impact, and efficiency in the delivery, of activities.

5. Improving competitiveness through efficient trade-supporting services, expanded use of ICTs and training

A. Improved trade logistics

UNCTAD's activities on trade logistics contribute to reducing transaction costs and thereby improve the supply capacities of developing countries, in particular those of landlocked and least developed countries, and their access to global trade markets.

Policy analysis

The analytical work has increased the trading community's awareness of the impact of transport and trade facilitation in the development process and of the scope for new approaches to trade logistics, facilitation and related legal issues. End-users praise the quality and soundness of the information and legal analysis in UNCTAD's publications on these subjects, which have also been recognized in specialized papers and journals.

- UNCTAD's *Review of Maritime Transport*,[38] published annually since 1968, is a respected source of maritime information for users worldwide, providing essential statistics and analysis of the latest developments in maritime transport. Ninety-five per cent of readers expressed strong satisfaction with the 2004 issue and downloaded it more than 175,000 times. The 2005 issue was published in November.

- The quarterly *Transport Newsletter*, distributed electronically, allows UNCTAD to maintain up-to-date communication with Governments, industry and academia.

- Member States, particularly developing countries, have expressed appreciation for UNCTAD's technical analysis and substantive contributions to the meetings of the UNCITRAL Working Group on Transport Law. The Group is working towards the development of a new international convention to govern carriage of goods by sea, as well as multimodal transport that includes a sea-leg (see box 21).

- The expert meeting held in September[39] examined how trade facilitation can function as an engine for development through linkages with transport and logistics, regional integration, and private sector expectations regarding the WTO negotiations on trade facilitation. The experts called for close cooperation among all parties concerned, new institutional mechanisms and adequate aid for trade, deeming these essential for progress on trade facilitation in many developing countries.

Box 21. The legal framework for effective trade and transport facilitation

A legal framework is a vital component of effective trade facilitation, since uniform international rules enhance certainty and predictability while taking into account commercial practices and technological developments. But the current international legal framework remains complex, for a number of reasons:

- Different international conventions, particularly in respect of carriage of goods by sea and air, are in force and coexist.
- A well-established regional convention on carriage of goods by road is in force in the UNECE region and in some additional Contracting States, including developing countries, but does not apply in other parts of the world.
- There is a complete lack of internationally uniform rules and standards on multimodal transportation. The absence of an international liability regime for multimodal transport exacerbates the complexity of the legal framework. This is of particular concern, given that multimodal transpo ation is increasingly becoming the norm in respect of containerized shipments, in particular of high-value manufactured goods.
- Even where internationally uniform rules and standards exist, they are often inadequately implemented at the national level.

- In many cases applicable rules and standards lack transparency and/or deal only inadequately with the demands of modern transportation practices and procedures, including the use of electronic communication.

UNCTAD's substantive output in relation to transport law is designed to assist officials, traders and transport service providers in developing countries in their understanding of the existing legal framework and of ongoing international developments, and to facilitate effective national implementation of relevant international conventions.

Support for the WTO negotiation process regarding trade facilitation

With its inclusion in the WTO General Council Decision (the July 2004 Package), WTO Members have started a negotiating process for trade facilitation. Requested to assist in this regard, UNCTAD has initiated a series of activities designed to help developing countries clarify the link between trade facilitation and development, build their capacities for trade facilitation and implement commitments reached during the negotiating process.

- During the WTO negotiations on trade facilitation, developing countries can benefit from the *Handbook on Trade Facilitation*,[40] which reviews experiences in the establishment of Trade Facilitation Platforms and provides technical notes on issues particularly pertinent to the content of the negotiations.
- There are two sets of training material on, respectively, Customs conventions affecting multimodal transport and issues related to the ongoing WTO negotiations on trade facilitation. They are now available in the form of CD-ROMs and on the UNCTAD website.
- The Governments of Sweden and Spain financed trade facilitation workshops in Angola, Argentina, Chile, Guatemala, Namibia, Paraguay, Saudi Arabia, the United Republic of Tanzania, Trinidad and Tobago, Thailand, Tunisia and Zambia, as well as in Geneva for participants from other countries. Some of these workshops resulted in several negotiating proposals from developing countries. In Paraguay, UNCTAD's technical assistance has directly contributed to the establishment of a work plan and the establishment of a national trade facilitation negotiations support committee.

Capacity-building

UNCTAD's technical cooperation for trade facilitation has benefited from many years of strong links between the secretariat's analytical work and operational activities and from the feedback resulting from direct operational experience. In 2005:

- National projects included, for Afghanistan, the initial implementation of ASYCUDA and a trade facilitation audit, and for Pakistan the establishment of an electronic trading platform, and advice on sanitary and phytosanitary import controls, shipping lines' charges, implementation of conventions on international transport of goods (ATA/TIR) and professional standards for freight forwarders.
- Multimodal transport and trade facilitation in the ECO region funded by the Islamic Development Bank and executed by the secretariat of the Economic Cooperation Organization, to which UNCTAD provides technical support. Reports were prepared for the Islamic Republic of Iran, Kazakhstan, Pakistan and Turkey on the development of their multimodal transport.

- Three interregional projects were carried out on trade and transport facilitation for landlocked and transit developing countries (see box 22).

Box 22. Capacity-building in trade and transport facilitation for landlocked and transit developing countries

Work undertaken in 2005, financed by Norway, Sweden and the UN Development Account, included:

- Dissemination of advisory manuals dealing with (i) creation of clusters that bring together trade and transport providers; (ii) analysis of transit corridors, and (iii) supply chain methodology applied to transit operations;
- Formation of five clusters among trade and transport public and private partners in three selected corridors: the Namibia–Zambia corridor in Africa; the Lao PDR–Thailand corridor in Asia and the Bolivia–Chile corridor in South America.
- Educational materials and support to clusters to develop diagnostic surveys and action plans. Transit monitoring systems are now also being developed in two of the corridors.
- A simple self-assessment tool to design and implement trade and transport facilitation programmes at national or regional levels, to be made available soon.

ASYCUDA: The Automated System for Customs Data

Through the ASYCUDA programme, Customs officials have enhanced their capacities to understand trade facilitation issues and to seek new approaches to Customs controls and processes. The modernization and simplification of procedures using, for example, direct trader input and selectivity have resulted in a significant reduction of clearance times — by as much as, in one instance, 96 per cent. Computerization strengthens internal audit trails and procedures and reduces the scope for fraud, corruption and malpractice. Customs authorities can receive declarations and manifests electronically and process them as direct bank payments or credit payments. Evaluations and assessments have confirmed the quality of the work performed and the relevance of the activities and solutions to the development process. In 2005:

- Côte d'Ivoire and the Syrian Arab Republic began the implementation of ASYCUDA, with the prospect of going live at selected pilot sites in 2006.
- Complementary or support projects for ongoing ASYCUDA activities were initiated in Albania, Bosnia and Herzegovina, Gabon, Namibia, Rwanda and El Salvador.
- Agreements for the migration to or implementation of ASYCUDA++ were signed in Barbados, Guinea, Nigeria and Saint Lucia, while the system went live in Burundi, the Democratic Republic of the Congo, Madagascar, New Caledonia, Papua New Guinea and the United Republic of Tanzania.
- The web-based version of the system, *ASYCUDAWorld*, launched in 2004, went live in the Republic of Moldova in 2005.

Transfer of know-how and technology is at the core of all ASYCUDA system implementations and extensions, with most ASYCUDA consultants being from user countries. In 2005, Customs officials benefited from more than 60 national or regional training sessions worldwide, including training on the system itself and specialized courses for capacity-building on topics such as selectivity and risk management. Customs valuation or

implementation of transit transport arrangements.

Cooperation with other organizations

The promotion of effective trade facilitation self-evidently requires close and continuing collaboration with the large range of international, regional and national public and private bodies involved in trade and transport. Although this is a permanent endeavour in which UNCTAD is regarded as a trusted partner, two events in particular deserve special mention.

- UNCTAD organized in September the annual meeting of the Global Facilitation Partnership on Transportation and Trade (GFP). The meeting, with 70 participants from all major public and private organizations involved in trade and transport facilitation, focused particularly on the role of the private sector in supporting trade and transport facilitation in developing and least developed countries. The joint GFP website has become the main global "single window" for information on projects in the area of trade and transport facilitation.[41]

- The Expert Meeting on Trade Facilitation was part of the events that took place during Geneva Trade Facilitation Week (19–23 September). Other events included a session of the WTO Negotiating Group on Trade Facilitation, a meeting of the GFP, a meeting of the UN Inter-Agency Network on Trade Facilitation and a brainstorming session on trade facilitation negotiations for a number of Asian countries.

B. Capacity-building through human resource development

UNCTAD has three complementary programmes that help developing countries build up their human resources, enhance their capacities to formulate and implement policies, and strengthen trade-related skills: the Virtual Institute on Trade and Development, training courses on key issues on the international economic agenda and TRAINFORTRADE. These programmes work with UNCTAD's research and analytical departments to design learning materials and deliver training courses, adding value by combining technical expertise, pedagogical capabilities and extensive use of information and communication technologies for distance learning and networking.

- *The Virtual Institute on Trade and Development* (Vi), launched at UNCTAD XI, is a global network of higher-education institutions concerned with international trade and development. Network members can exchange best practices, and access teaching material, research and other resources designed by UNCTAD or by other members.

  - During 2005, the Vi grew from six to thirteen members. The First Annual Meeting of the Vi in July 2005, supported by Canada, enabled members to agree to jointly develop and exchange teaching materials, conduct joint research, exchange professors and students, and strengthen the content and use of the Vi website.

  - With the support of UNCTAD, the Vi developed teaching materials on international commodity trade, competitiveness and development, and international investment agreements. The latter work served as the basis of a

workshop for Asian university teachers and researchers (Bangkok, November), funded by Japan.

- The new Vi website,[42] launched in July, encourages collaboration and debate. It provides members access to more than 200 trade-related teaching and research resources in order to customize their own curriculum.

- The Masters programme in international trade at the University of Dar-es-Salaam, United Republic of Tanzania, benefited from curriculum advice, feedback from UNCTAD substantive experts and support for teacher training.

- Sixty postgraduate students from two Vi members — the University of Campinas in Brazil and the University of the West Indies — participated in study tours to Geneva.

Training courses on the key issues on the international economic agenda

Stemming from paragraph 166 of the Bangkok Plan of Action, the courses are designed to enhance the capacity of developing countries to analyse the challenges posed by liberalization and globalization and to formulate appropriate national policies. In 2005:

- The TDB Advisory Body approved at its February meeting the course designed for Latin American and Caribbean States. In addition, it was apprised of the external evaluation of the training courses.

- In 2005, officials and academics from Latin America and the Caribbean participated in a regional course in Havana, Cuba.

- Twenty-three Geneva-based diplomats attended a one-day course to familiarize themselves with key economic and policy implications of the development of ICTs.

- An independent external evaluation[43] of the programme presented to the Working Party on the Medium-Term Plan and Programme Budget found that the training course was an efficient, relevant and innovative product in the market for technical assistance services in trade policy, which had positive impacts on some member States' institutional capacity-building in public agencies, research institutions and universities. The programme's integrated approach to trade and development distinguishes it from other trade-related training courses.

TRAINFORTRADE

The TRAINFORTRADE programme carries out technical cooperation projects based on training needs analyses, tailor-made courses and the training of trainers. This not only creates a multiplier effect but also enhances sustainability at the national and regional levels.

- A new course on "Sustainable tourism for development" was launched in 2005.

- The module on "Information and communication technologies (ICT) and tourism" was validated in Mali in September 2005.

- Several courses were translated, adapted or updated for a total of 17 training packages now available in various languages. For example, the distance learning course for negotiators of international investment

agreements was updated and adapted to specific regions; it is now available in English, French, Portuguese and Spanish, and is being translated into Khmer and Laotian (box 23).

- Throughout the year, 782 officials from ministries of commerce, industry and foreign affairs, as well as from the private sector, academic institutions and non-governmental organizations, followed or attended 9 TRAINFORTRADE distance learning sessions and 23 face-to-face workshops worldwide. Forty instructors and 13 technical tutors took part in these courses.

Box 23. TRAINFORTRADE regional project in Cambodia/Lao PDR

Cambodia was the first LDC to become a member of WTO, and it benefited from UNCTAD's advisory services throughout the accession negotiation process. The TRAINFORTRADE project started immediately after accession, when the Ministry of Commerce decided to focus on competition law and policy, one of the key commitments of Cambodia in the WTO accession package. The Cambodian Royal University of Law and Economics, the European Commission and UNCTAD started working together to make this commitment a reality through the drafting of legislation and associated training. In 2005, 196 Cambodian trade operators were trained on multilateral trade negotiations, investment and port management in eight national and regional seminars.

In the Lao People's Democratic Republic, the TrainForTrade project organized six national and regional training sessions in 2005, with more than 120 participants from different ministries covering investment, competition, e-commerce and trade negotiations, including WTO accession.

- The TRAINFORTRADE Port Training Programme continued its activities with its French-speaking network (e.g. a training of trainers workshop held at the Port of Marseilles), its English-speaking network (further deliveries for the first promotion in Cambodia) and its Portuguese-speaking network (particularly for Cape Verde).

- Improvements in the area of distance learning techniques include the adoption of a new web server, new open-source software, and lighter and easily accessible web pages.[44] The distance learning delivery of the course on multilateral trade negotiations on agriculture to EMCCA countries (September 2005) showed that the technique can work in countries, including LDCs, with limited technical capacity.

C. Greater awareness of e-business and ICTs for development

Information and communications technologies (ICTs) play an increasingly important role in enhancing the competitiveness of enterprises. They are also profoundly affecting the organization and operation of global markets for a wide range of goods and services. In some of these, several developing countries have shown themselves able to gain market share and higher export earnings. However, access to ICTs and the adoption of ICT-enabled business practices remain uneven among and within developing countries.

Understanding the linkages between ICTs, business operations and development

UNCTAD's research and policy analysis in the field of ICT and e-business focuses on creating awareness among policymakers and other stakeholders about the implications of ICTs and e-business for the competitiveness of developing countries. Also, UNCTAD analyses the strategies and policies at the national and the international levels that can facilitate the creation of an enabling environment for ICT and e-business in developing countries.

- Countries find in the annual *Information Economy Report* (former *E-commerce and Development Report*) the most up-to-date information available about the uptake of ICTs by developing countries' Enterprises. The 2005 Report, issued on the occasion of the World Summit on the Information Society (WSIS-II) in November, provided analysis and recommendations on matters of interest to developing countries, such as the impact of international Internet backbone connectivity arrangements on the cost of accessing the Internet, the challenges faced in promoting tourism through the Internet, information security concerns and related risk management approaches, and the role of e-credit information in providing access to trade-related finance.[45]

- A readership survey for the *E-commerce and Development Report 2004* showed that 97 per cent of respondents rated its overall quality as excellent or good. Ninety-two per cent of respondents considered the report very useful or useful. The report was downloaded over 161,000 times.

- For the preparation of WSIS-Tunis, UNCTAD provided inputs to facilitate the consideration of trade and development aspects of the information society, such as the role of ICTs in economic growth and development, ICT measurement, free and open source software, and ICT implications for the development of industries of particular interest to developing countries, particularly e-tourism. More than 300 participants from 39 countries attended a WSIS thematic meeting on the "Economic and social implications of ICTs" (co-organized by UNCTAD, the ILO, ITC and OECD, and hosted by the Government of Guatemala in January 2005) and agreed on practical suggestions on policies and programmes that can help countries use ICTs for effective poverty alleviation. The outcome of the meeting was reflected in the Tunis Agenda for the Information Society adopted at WSIS-Tunis (box 24).

Box 24. UNCTAD at the World Summit on the Information Society, Tunis[46]

- A parallel event on "Measuring the information society" was organized by the Partnership on Measuring ICT for Development and sponsored by the UN ICT Task Force. The event alerted decision-makers to the need for reliable and internationally comparable data on ICT use, showcased recent progress in the compilation and harmonization of ICT data, and identified the types of statistics to be collected to narrow the ICT data gap. The Partnership publications *Core ICT Indicators* and *Measuring ICT: The Global Status of ICT Indicators*, which will provide a basis for future ICT data collection in developing countries, were launched at the event.

- A parallel event on the UNCTAD E-Tourism Initiative was attended by more than 80 participants, and co-organized with the Tunisian Association of Development of Numerical Technology and Human Resources (University of Manouba) and the University of Quebec's International Center for Tourism Training and Research (UQAM/CIFORT). It presented trends and strategic challenges in the tourism online marketplace, e-business models, partnerships and other supporting initiatives in developing countries.
- The round-table on "Financing of ICT for development" focused on how FDI could help build ICT infrastructure and capabilities so as to improve ICT dissemination in Africa.

The Summit also provided an opportunity for UNCTAD to organize three individualized advisory sessions on FOSS for ICT policymakers from interested developing countries.

Sizing up the information economy

In recent years UNCTAD has been a leading player in international efforts to create awareness among developing country policymakers about the need for reliable and comparable data on the information economy. As a result, many countries now include ICT measurement in their national ICT policies and strategies and have made it a key element in the follow-up to WSIS.

During 2005, more than 160 representatives from statistical offices in developing countries benefited from UNCTAD's contribution to regional and national workshops on ICT measurement in Western Asia, Africa, and Latin America and the Caribbean, particular on the subject of ICT use by enterprises. Experts, Governments and other concerned users (see box 25) also use UNCTAD's website on measuring ICTs, which is the only global online source of information on ICT measurement, particularly for developing countries.[47] Also, UNCTAD collects statistics on ICT use by enterprises and maintains the only global database on the information economy in developing countries. The database grew to 26 countries in 2005, thus contributing to increased availability of comparable data from developing countries for research, analysis and policymaking.

The Governments of Canada and France, the Organisation Internationale de la Francophonie and the UN ICT Task Force have supported UNCTAD's activities in the area of ICT for development, through the sponsoring of meetings and other events and the production of publications on ICT measurement.

Box 25. Partnership on Measuring ICT for Development

The global Partnership on Measuring ICT for Development was launched at UNCTAD XI in June 2004 and has now grown to 11 members: OECD, ITU, UNCTAD, the UNESCO Institute for Statistics, the UN ICT Task Force, the World Bank, ECA, ECLAC, ESCAP, ESCWA and Eurostat. It promotes the harmonization of ICT statistics globally and provides advice and training to developing country in the area of ICT statistics.

In 2005, the Partnership organized several regional and global events on ICT measurement, including a WSIS Thematic Meeting. More than 270 delegates from 87 member States, intergovernmental organizations, NGOs and civil society attended the meeting. As a result, a core list of ICT indicators that could be collected by all countries was established.[48] The list provides the basis for the collection of ICT indicators worldwide, a process recognized at the 36th session of the UN Statistical Commission in March 2005.

As a result of the work carried out by the Partnership and its contribution to the WSIS process, the subject of ICT indicators became an important element in the WSIS Tunis outcome document, which "calls for periodic evaluation based on appropriate indicators and benchmarking, and using an agreed methodology such as that developed by the Partnership..." It furthermore "invites the international community to strengthen the ICT-related statistical capacity of developing countries", which is another key UNCTAD contribution to the work of the Partnership.

Free and open source software (FOSS)

UNCTAD's earlier work on FOSS, which influenced its subsequent research on digital technologies and creative industries, and Internet and security issues, was reflected in ECDR 2004 and IER 2005. Intergovernmental discussions in UNCTAD in 2005 showed that Governments have a better understanding of the potential of FOSS to contribute to the development of the information economy in developing countries.

- Following discussions at UNCTAD XI, UNCTAD established partnerships for capacity-building in the area of FOSS with a diverse range of counterparts from Governments, industry and civil society organizations (the Instituto Nacional de Tecnologia da Informaçao of Brazil, the Free & Open Source Software Foundation for Pakistan, the Free Software and Open Source Software Foundation for Africa, and Novell).

- Advisory services on FOSS were delivered to the Syrian Arab Republic, and preparations are under way for capacity-building activities in Morocco and Portuguese-speaking countries (in cooperation with Brazil).

E-tourism

The enormous impact of ICTs on market structure, business environment and consumer behaviour in the field of tourism represents a tremendous opportunity for developing countries that should be seized as a matter or urgency. As the world's largest industry, tourism represents one of the few possible and sustainable means of economic diversification and source of wealth for the LDCs. Launched at UNCTAD XI, the UNCTAD initiative aims at promoting e-tourism, namely the application and sustainable ownership of ICT in the tourism sector and the promotion of tourism resources by developing countries themselves.[49] Key elements of the initiative include:

- An Electronic Tourism Platform (ETP) designed to allow participating countries to organize, market and sell their own tourism services online;

- Partnerships between the E-Tourism Initiative and other institutions.

The Expert Meeting on ICT and Tourism for Development, held in December, facilitated a policy dialogue and exchange of experiences about the impact of ICT on an industry of great importance for many developing countries. Experts identified strategies that will enable developing country destinations to compete in the global tourism marketplace through the adoption of e-business tools. Priority aspects of capacity-building programmes, and the contribution that UNCTAD's E-Tourism Initiative and the training course on ICT and tourism currently being prepared could make, were also discussed.

E-finance

ICTs open a window of opportunity for accessing short-term working capital and trade finance thanks to the dramatically decreased transaction costs of managing the finance and payments chains, as discussed in the 2005 *Information Economy Report*. Following discussions at UNCTAD XI, the secretariat continued to develop a network of representatives from the financial services industry, enterprise associations, research institutions and other international organizations to raise awareness among policymakers on this issue.

Box 26. Improving competitiveness through efficient trade-supporting services, expanded use of ICTs and training:

Summary of results and overall assessment

- UNCTAD's integrated approach to trade facilitation and transport efficiency has helped the successful implementation of the work programme and related operational activities. Such success has influenced developing and least developed countries in becoming increasingly committed and proactive regarding Customs reform and the adoption of trade facilitation measures. End-users appreciate the analytical contribution of UNCTAD.
- The comprehensive approach to human resources development and training involving three distinct but complementary components (the Virtual Institute, TRAINFORTRADE and training courses on key international economic issues) is now largely in place. Their added value and comparative advantage rely on a wide range of UNCTAD expertise; thus the active collaboration of other divisions in the secretariat is essential for effective training. ICTs are increasingly important tools for the delivery and dissemination of courses and training material, and for follow-up.
- UNCTAD's work on ICT and e-business for development is increasingly recognized among stakeholders. The results of the readership surveys show that the research and analysis work of UNCTAD in this area reaches more easily the members of the academic community and other development stakeholders than government policymakers. There is a need to step up efforts to disseminate the results of this work among government officials. This improved awareness and knowledge should support the request for and preparation of technical cooperation in this area.
- Partnerships and other cooperative arrangements, such as those launched at UNCTAD XI for the Vi, ICT measurement and e-tourism, have proved to be excellent mechanisms that make the best use of resources and maximize the reach and impact of UNCTAD's work. Counterparts during 2005 have included other international organizations and specialized agencies, regional organizations, academia, professional associations and the private sector.
- Better funding is needed to sustain the ongoing development of activities, to increase the participation of country-based experts, and to support networks of exchange and best practice among the beneficiaries, particularly in the LDCs.

6. Addressing the special needs of least developed countries, small island developing States and landlocked developing countries, and the related special problems and challenges faced by transit developing countries

A. Contributing to the implementation of the Brussels Programme of Action for LDCs

"Three obstacles — country ownership, capacity and resources — continue to hamper implementation of the Brussels Programme of Action by the least developed countries."[50]

In 2005, UNCTAD continued its efforts, within its mandate, to contribute to national and international efforts to reverse socioeconomic decline in LDCs and to set those countries on the path of sustained economic growth and development. There was a deliberate focus in this work on building national capacities for the ownership of development policies and programmes. Research and policy analysis, complemented by relevant technical assistance activities, were all directed towards that end.

Policy analysis and research: Active dissemination and dialogue with policymakers

The *Least Developed Countries Report 2004*[51] analysed the complex set of issues surrounding trade–poverty linkages in poor countries. Following its successful reception at UNCTAD XI and subsequent dissemination, the report's message continued to resonate in 2005 (box 27). The remarks of the Minister for Foreign Trade and Development of Finland at UNCTAD IX were particularly encouraging:

> *"UNCTAD has published an excellent LDC Report that clearly shows us the link between international trade and poverty reduction. The success in meeting the challenges shown in the report depends on how effective we are collectively to enhance policy coherence. I urge UNCTAD to focus its future activities for the LDCs along the lines depicted in the Report."*

The production of the report is not seen as an end in itself. It is one step in a process that aims at linking proactively research and policy analysis on the one hand with operational work on the other. Through training workshops that use the pedagogical dimension of the research work, policymakers can be helped to more effectively mainstream trade in poverty reduction strategies. Accordingly, an increased effort was made in 2005 to ensure the active dissemination of the report to policymakers and decision-makers in LDCs.

- The analysis and recommendations of the report were used in the Pre-Diagnostic Trade Integration Study (Pre-DTIS) national and regional workshops organized in the context of the Integrated Framework (see below).
- The report was presented at a workshop on trade and poverty organized by UNDP for the UN Resident Coordinators.
- Copies of background notes containing supportive material for the report were distributed electronically. Resources permitting, such notes could be published in a discussion paper series, thereby enhancing dissemination and dialogue.

Box 27. Linking international trade with poverty reduction: Feedback on the LDC Report 2004

- "These excellent and lucid Reports deserve the widest possible readership. They succeed in removing the confusion surrounding globalisation's impact on developing countries… their message is that the 'great globalisation experiment' suffers from many serious ills and that these ills can be cured by proper reforms at the global and national levels" (Servaas Storm, "Development, trade or aid? UN views on trade, growth and poverty", *Development and Change*, 36:6, November 2005)
- The preface to the eighth edition of *Growth and Development* by A.P. Thirlwall, a book which has been described as "the leading text in development economics" and "the standard reference for an entire generation of students in Development Economics", regards UNCTAD's LDC Report as a key publication which, along with the World Bank's WDR, the IMF's Finance and Development and UNDP's Human Development Report, students should consult.
- The electronic format of the report and related documents are on the UNCTAD Internet website (www.unctad.org/ldcs). From May 2004 to December 2005, the LDC Report 2004 was downloaded 265,128 times.

The next LDC Report will be launched in 2006 and will focus on developing productive capacities, one of the seven main pillars of the Brussels Programme of Action for the LDCs. Two ad hoc expert groups were organized in 2005 to devise a methodological and analytical framework for the report, and background papers surveyed different aspects of LDC productive capacity.

Reviews of the Brussels Programme of Action (PoA), 2001–2010

- In October, the TDB held an intensive exchange of views on the impact of preference erosion on the trading prospects of LDCs, stimulated by an expert panel on the subject.[52] The Board, in acknowledging both the contribution of preferential market access to the growth of LDCs and the possibility that such growth could be adversely affected by preference erosion, recognized the need for international support measures to help LDCs overcome the adverse effect of preference erosion, including from "further multilateral trade liberalization".[53]
- Both ECOSOC, at its substantive session in July 2005, and the General Assembly, at its 60th regular session, reviewed progress in the implementation of the PoA on the basis of the Secretary-General's report,[54] to which UNCTAD contributed. The outcome of these reviews, together with that of the TDB, indicated the lessons learned to date as far as UNCTAD is concerned (box 28A).

The comprehensive Mid-Term Review of the PoA, to be undertaken by the General Assembly in September 2006, is viewed by member States as a critical opportunity to reassert effective measures for the growth and development of the poorest countries. The General Assembly has stressed that UNCTAD should make *"substantive contributions to the successful outcome of the mid-term review of the PoA"*. On the basis of its experience with the previous two PoAs for LDCs for the 1980s and 1990s, UNCTAD will contribute as follows:

- A substantive and qualitative assessment was started, in 2005, of the implementation by LDCs and their development partners of their respective Brussels PoA commitments and agreed targets. This assessment will build on the initial comparative analysis undertaken by UNCTAD in relation to the MDGs and the goals of the PoA.

- The performance of seven LDC economies (five from Africa and two from Asia) are being assessed in relation to both international support measures granted to them and domestic policies undertaken by their respective Governments.

- The assessments of results achieved and lessons learned will assist in drawing broader policy lessons for enhancing the performance of LDCs in the implementation of the remainder of the PoA.

- There are major methodological and organizational issues involved in assessing the implementation of internationally agreed programmes of action. Box 28 looks at some of the issues from the perspective of UNCTAD's experience.

Box 28. The Brussels Programme of Action for the LDCs

A. Lessons learned

- Despite a growing consensus and commitment at the international level to arrest and reverse the decline in socioeconomic conditions in LDCs, the marginalization of these countries in world trade and investment has continued unabated and the number of people in LDCs living on less than a dollar a day may significantly increase within the next 10 years. Most LDCs are already off target as regards meeting the goals and targets of the Brussels PoA and the MDGs.

- The development problems facing LDCs are so complex and multifaceted that their effective resolution requires concerted efforts by the LDCs themselves and the international community.

- While the mandates for UNCTAD to assist these countries have continued to grow, the resources required in order to effectively address the development challenges facing LDCs have not been proportionally increased. The TDB, in recognition of the mismatch between an increasing demand for UNCTAD's support and the resources required, has *"emphasized the need for continued contribution and broader donor participation, preferably through un-earmarked contributions (Window I of the LDCs Trust Fund), to ensure effective and efficient delivery and implementation of existing and new technical assistance programmes and projects in these countries"*.

B. Technical challenges for the mid-term review

- The sources and use of data for measuring progress in attaining the objectives and goals of PoAs are often inconsistent. Available statistical information is not sufficient for undertaking a comprehensive assessment of commitments and actions under the PoA.

- Previous analysis by UNCTAD of progress in implementation of the PoA for LDCs confirms that results-oriented monitoring of implementation can be challenged in those instances where internationally available data are inadequate in terms of their coverage, quality and timeliness.

- The mid-term review involves sectoral, national, subregional, regional and global level assessment of progress in implementation of the PoA. It is thus a very intensive exercise. It requires the full, effective and sustained involvement of all stakeholders, including civil society actors, in a stage-by-stage process.

Assessing the effectiveness of LDC treatment

UNCTAD has continued to analyse the effectiveness of international support measures for LDCs, for example the impact of erosion of market access preferences. Such preferences have alleviated some of the competitive disadvantages of LDCs, but generally have not reduced these disadvantages in a structural manner. Gradual loss of preferential treatment in the context of erosion or graduation from LDC status reinforces the need to seek alternative ways of overcoming structural handicaps. The "aid for trade" initiative could be a key factor in strengthening or increasing productive capacities.

Review of criteria for identifying and graduating LDCs

The question of effectiveness was also central to UNCTAD's work on "smooth transition" for countries that will graduate from LDC status. Conceptual, methodological and statistical inputs were provided to the Committee for Development Policy in its continued efforts to refine the criteria for identifying LDCs, particularly the notion of a remoteness indicator among the components of the Economic Vulnerability Index (EVI). Since the 2004 tsunami and its destructive impact on one of the LDCs, namely Maldives, several member States have echoed UNCTAD's pioneer idea for a reform of the graduation rule, whereby no country that is recognized as economically vulnerable should be forced to graduate from LDC status, irrespective of its socioeconomic performance according to the other criteria.

UNCTAD helped a number of countries elaborate a national strategy in anticipation of progress towards graduation or loss of LDC status (Cape Verde, Lesotho, Maldives and Samoa). There has been widespread appreciation of UNCTAD's structural, non-political approach to the question of graduation that emphasizes the primacy of structural socioeconomic progress (implying evidence of lesser vulnerability to external shocks) as the paramount criterion for recognizing a country's readiness for graduation. The "aid for trade" principle is highly relevant to this notion of structural progress.

Support to LDC Governments in trade capacity-building and integrating trade issues into overall national development strategies through the Integrated Framework (IF)

- Currently, there are 28 countries to which the IF is extended.[55] Diagnostic Trade Integration Studies (DTIS) have been completed for 13 countries and DTIS Validation Workshops have so far been held in 14 countries. Implementation meetings with the donor community have been held in Burundi, Cambodia, Madagascar, Mauritania, Nepal and Senegal. Diagnostic studies have been launched and are in progress in 11 LDCs.

- Country ownership and additional resources are critical to successful IF implementation (box 29). Substantive inputs and organization of IF sensitization activities at national and regional levels at the pre-DTIS stage have been the main UNCTAD contribution to strengthening country ownership of the IF process. In 2005, UNCTAD followed through on the recommendations of the October 2004 pre-DTIS subregional workshop held in Rwanda, and organized the Sierra Leone pre-DTIS national workshop in October 2005, utilizing the generous contribution by the Government of Finland.

- The Sierra Leone workshop, attended by about 45 participants representing

all national IF stakeholders, donor representatives, selected old IF countries and IF core agencies, culminated in the launching of the country DTIS by the World Bank. It benefited from the experience and recommendations of the prior subregional workshop held in Rwanda.

- The release of the IF Manual by UNCTAD coincided with the Sierra Leone workshop, providing participants with a useful guide to better understand the IF process. By promoting a shared perception and understanding of the IF processes among all stakeholders, the manual will be particularly useful for new and potential IF countries. The manual was a joint initiative by UNDP, UK/DFID (which, with Finland, financed it) and UNCTAD, involving all members of the IF Working Group.

Box 29. Implementation of the Integrated Framework

- The IF has given rise to high expectations for both the participating and the potentially eligible LDCs. The carrying out of the diagnostic studies and their validation has been relatively straightforward. The follow-up and implementation of the recommended action matrix are now the greater challenge.
- This requires the following:
  - A better understanding of trade–poverty linkages to underpin the design of "pro-poor, pro-growth" trade strategies through the DTIS process, and thus more effective trade mainstreaming;
  - Increasing sensitivity to the importance of country ownership and mainstreaming of trade, so as to improve the IF's potential for making trade contribute to growth and poverty reduction; and
  - Provision of the necessary resources for priority trade-related technical assistance projects to ensure full implementation of the action matrix.
- These challenges will grow with the increasing number of countries participating and those seeking to benefit from the IF. The stakeholders, donors, LDCs and six core agencies (the IMF, the ITC, UNDP, UNTAD, the World Bank and the WTO) are now making efforts to respond to these challenges through the recently endorsed IF enhancement initiative at the Hong Kong (China) Ministerial Conference as part of the broader "aid for trade" initiative.
- UNCTAD will therefore continue to place greater emphasis on pre-DTIS activities, as well as to support analytical tools through the LDC Report and policy briefs. The additional financial resources, which are to be mobilized as part of IF enhancement, should make it possible for UNCTAD to increase its involvement in the country-level implementation of the action matrices, which has been so far limited by the small amount of resources available in Window II of the IF Trust Fund.

Quality assurance and enhancing export competitiveness of tropical fruits in selected African LDCs

In a sector with considerable potential for growth and poverty reduction, a new project has been developed to show how national export capacities and competitiveness may be enhanced in African LDCs. The project, developed pursuant to the Brussels PoA and decisions of the TDB,[50] will build institutional and human capabilities for quality assurance and certification of exports of tropical fruits. By improving their competitive position, the project will contribute to the

diversification of LDC economies, and the local processing and packaging of tropical fruits. The project is financed in part by the Common Fund for Commodities ($1.3 million from its Second Account) and in part by the Government of Sweden ($0.2 million through the UNCTAD LDC Trust Fund).

B. Seeking to reduce the economic vulnerability of small island developing States

The vulnerability criterion

For some years now, UNCTAD has been pointing to the "island paradox" whereby SIDS can enjoy a relatively good performance while remaining economically highly vulnerable. Accordingly, it has been urging that the vulnerability criterion (box 30) be made an unconditional criterion, by virtue of which no highly vulnerable country should be forced to graduate, regardless of its score under the other criteria (low income, weak human assets). The major economic setback that Maldives suffered as a result of the 2004 tsunami revealed the pertinence of UNCTAD's earlier views on the difficulties arising from that country's graduation.

Box 30. UNCTAD's pioneer role in advancing the vulnerability criterion

- UN recognition of the importance of economic vulnerability as a criterion for identifying LDCs and analysing the fragility of SIDS was rooted in UNCTAD's pioneer work on vulnerability.
- The idea of constructing a vulnerability index was first advocated at an UNCTAD meeting of experts in June 1990. Two years later, UNCTAD commissioned a study on the feasibility of the idea. In 1994, the UN's first global conference on SIDS called for a coordinated international effort to develop a vulnerability index.
- In 1999, the UN decided to introduce into the methodology for identifying LDCs a vulnerability criterion based on the EVI. At the same time, it was recommended that a country-specific "vulnerability profile" be prepared by UNCTAD for each potential graduation case at every review of the list.
- For the 2000 and 2003 reviews, UNCTAD produced vulnerability profiles of Cape Verde, Maldives, Samoa and Vanuatu. Eventual graduation of Cape Verde and Maldives was decided upon by the General Assembly in December 2004, in parallel with the adoption of measures to facilitate "smooth transition" for graduating countries.
- On 20 November 2005 the General Assembly decided to postpone, until January 2008, the start of the transition period before the actual graduation of Maldives.

Supporting SIDS in their plea for special international support measures

UNCTAD played a key substantive role in the Mauritius International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of SIDS (January 2005), with a publication entitled *Is a Special Treatment of Small Island Developing States possible?*,[87] a panel of experts on trade and development issues, and a side event on trade and the environment. Later in the year, further support was given to SIDS in their efforts to adopt a common strategy for implementing the outcome of the Mauritius International Meeting. Over time, UNCTAD has strengthened the capacity of SIDS to advocate a more favourable treatment of their economies in relevant arenas of international cooperation and under the WTO's work programme on small economies.

C. Improving the efficiency of transit-transport cooperation for landlocked developing countries and addressing the special problems and challenges faced by transit developing countries

Landlocked developing countries seek support from the international community in overcoming the disadvantages due to their geographical situation. Additional transportation costs arising from often inefficient transportation arrangements increase their lack of competitiveness.

Landlocked developing countries (LLDCs) and the Doha Round of trade negotiations

In the context of the Doha Round, UNCTAD was instrumental in explaining to landlocked developing countries the various issues involved:

- A report[58] was issued for the 2005 Ministerial Conference of Trade Ministers of LLDCs held in Asunción, Paraguay (August 2005) to prepare for the WTO Ministerial Conference, held in Hong Kong (China), analysing proposals for policy strategies to mitigate the effects of remoteness from world markets and assessing those aspects of the WTO negotiations most relevant and critical for LLDCs. This report was the first UNCTAD publication to focus on the specific problems of LLDCs in the context of multilateral trade negotiations.

- UNCTAD, which provided substantive and logistical support to the LLDC Ministerial Conference, organized in addition two panel discussions, one on the specific issues faced by LLDCs in the multilateral trade negotiations, and one on trade facilitation.

- The LLDC Ministerial Conference adopted the Asunción platform for the Doha Round, which set out the common positions of LLDCs on issues of specific interest to them. Referring to the work programme on small economies, the final declaration of the WTO Conference urged members to adopt specific measures that would facilitate the fuller integration of small, vulnerable economies into the multilateral trading system, and agreed to provide responses to the trade-related issues of small economies no later than 31 December 2006.

The main thrust of this work was also reflected in the outcome of the 2005 World Summit, which for the first time "recognizes the special difficulties and concerns of landlocked developing countries in their efforts to integrate their economies into the multilateral trading system".[59]

Transit-traffic agreements in North-East Asia

UNCTAD's technical work in advising the Governments of China, Mongolia and the Russian Federation on a mutual transit traffic agreement proved highly successful. A draft Transit Traffic Agreement is now with the three Governments for internal approval procedures.

- The trilateral meeting of experts in Geneva in December 2004 and the series of UNCTAD-supported bilateral and multilateral consultations throughout 2005 paved the way for the successful negotiations in Ulaanbaatar in November 2005.

- The draft Transit Traffic Agreement finalized at the Ulaanbaatar meeting, to which UNCTAD provided substantive and logistical support, provides the basis for a number of practical measures that will improve and facilitate the transit of goods

between the three countries. Key elements of the Agreement are (i) the agreement in principle by China and the Russian Federation to grant Mongolia rights related to access to and from the sea that are absent from the application of the most-favoured-nation clause; and (ii) application of the principle of national treatment regarding tariffs, taxes and charges that may be levied in the context of transit trade.

- The three countries have also agreed on an indicative list of issues to be included in technical annexes to be negotiated in the next phase, in respect of which the three countries have requested UNCTAD's assistance.

Trade and development issues in landlocked countries

UNCTAD has produced two CD-ROMs containing key publications, including reports and analyses prepared by UNCTAD on trade and development issues in landlocked developing countries. This collection of reference and working materials has been made available to relevant ministry and other government bodies, as well as to academic and research institutions in LLDCs.

Box 31. Addressing the special needs of least developed countries, small island developing States and landlocked developing countries, and the related special problems and challenges faced by transit developing countries:

Summary of results and overall assessment

- In 2005, UNCTAD sought to increase the policy impact of the highly regarded 2004 LDC Report, which focused on trade and poverty, through dialogue with decision-makers, for example in Integrated Framework exercises. Whilst there was some progress, the inherent limitations in this approach will need to be resolved in good time for the annualization of the report as from 2006.
- The TDB strongly supported the secretariat's efforts to contribute to the implementation of the Brussels Programme of Action (PoA) for LDCs, whilst recognizing the need for further measures, including resources in this connection.
- The secretariat has begun to prepare its contribution to the 2006 mid-term review of the PoA, based on a qualitative assessment of the implementation of the Programme's agreed measures, targets and commitments.
- Implementation of the IF-Action Matrix by LDCs and their development partners remains the greatest single challenge with regard both to meeting LDC expectations concerning the IF and to mainstreaming trade in national development strategies.
- UNCTAD's economic vulnerability criterion influenced the General Assembly's decision in December 2005 to postpone the graduation of Maldives from LDC status.
- The secretariat's analytical work on trade and development issues in landlocked developing countries was used extensively by the group of landlocked developing countries in their preparations for the WTO's Sixth Ministerial Conference (Hong Kong, China, December 2005).
- UNCTAD's technical support proved critical in the trilateral negotiations on a transit traffic agreement between China, Mongolia and the Russian Federation.
- Technical cooperation programmes and projects could have addressed long-term development problems in a sustainable manner if financial and human resources had been commensurate with the specific needs of LDCs.

Part Three

Achieving concrete objectives

In his first statement to the Trade Development Board on 3 October 2005 as UNCTAD's new Secretary-General, Dr. Supachai Panitchpakdi, pledged his commitment to make UNCTAD "a more focused and a stronger organization".

1. Focusing on key goals

In his statement, Dr. Supachai said that UNCTAD needed to:

- *Focus its work* on areas where UNCTAD can "really make a difference... [with] the objective of achieving results on the ground ... We need to adopt a more focused, results-oriented and transparent approach";

- *Streamline and strengthen its three pillars, namely research, technical cooperation and consensus-building.* "Consensus-building should be more effective, relevant and results-oriented...there is little point in discussing important global issues if the discussions do not lead to concrete outcomes... Nor is there much point in devoting limited resources to research...if the results of that analysis are not directly relevant to the countries in greatest need of our assistance... Policy research work should be internally coherent to prevent contradictory advice to our membership... More targeted and better defined technical [cooperation] support based on the core competencies of the organization will generate better results than ad hoc and uncoordinated activities."

- *Work together as a team.* Teamwork requires the creation of synergies in the secretariat; dialogue, transparency and information-sharing between the secretariat and member States; and accountability in the functioning of the organization.

- *Deepen its collaboration* "with other international organizations that provide complementarity or that offer the constant country presence lacking in UNCTAD" and with non-State actors through action-oriented partnerships involving different stakeholders.

These objectives provide an environment for the 2006 Mid-term Review of the São Paulo Consensus, adopted at UNCTAD XI in 2004. Their achievement will also directly contribute to the ongoing process of reform of the United Nations.

2. Enhancing working methods and procedures

As part of this process, an internal Task Force on Reform was established in October 2005 to consider ways and means of carrying out UNCTAD's existing mandates and to make suggestions for improvement. Its remit covers such issues as encouraging greater inter-divisional collaboration and enhancing the effectiveness of technical cooperation. The Task Force of 11 UNCTAD staff members benefits from the wide and relevant

experience of its chairperson, Mr. Denis Bélisle, Executive Director of the ITC.

The first report of the Task Force, in December 2005, recommended an "early harvest" of "quick-win" actions designed to launch the reform process and to demonstrate both credibility and seriousness. The Secretary-General of UNCTAD accepted and implemented immediately a series of actions intended to enhance the flow of information, transparency and overall management of the organization.

The Task Force is drawing heavily on earlier reports on relevant issues. In particular, and following the UN-wide organizational integrity survey of 2004, a group of staff members prepared at the request of UNCTAD's senior management a report on integrity issues in UNCTAD. The report, issued in August 2005, emphasized the need for transparency and dialogue in UNCTAD between senior management and staff built upon a code of best management practices.

Subsequent reports of the Task Force will focus on those actions that require lengthier consideration and that need to be implemented in a longer time frame, for example issues related to technical cooperation. The Task Force will finalize all its recommendations by March 2006.

A Senior Management Group has been created, comprising the Secretary-General, the Deputy Secretary-General and Directors. It is responsible for setting work priorities, agreeing policy positions on key substantive issues, deciding on strategic partnerships with other institutions, creating a coherent framework for technical cooperation, setting objectives and strategies for Board and Commission meetings, and ensuring both a coherent approach to flagship reports and compliance with principles of integrity.

3. Maintaining delivery of mandated outputs

As part of the United Nations programme budget, the UNCTAD budget contains 35 performance measures for the biennium 2004–2005. The list of "expected accomplishments" and "indicators of achievement" are set out in the annex. Of the 32 measures applicable to 2005, 30 were achieved on or ahead of target. Five targets were not achieved. Results by programme area are shown in table 1.

Table 1. Indicators of achievement, 2004

	Indicators of achievement	On target or ahead	Off target
Executive direction and management	3	1	2
Globalization and development strategies	5	5	
Development of Africa	3	2	1
Investment, technology and enterprise development	6	6	
International trade in goods and services, and commodities	9	9	
Services infrastructure and trade efficiency	4	4	
Special Programme for LDCs, SIDS, LLDCs	5	3	2
Total	35	30	5

Source: Annex I.

The performance for the biennium as a whole is satisfactory. There are a number of instances where performance significantly exceeds expectations, for example the impact of major reports on the press and other media (e.g. with regard to Africa) and the use and/or downloading of data of reports from the UNCTAD website (e.g. number of visits to the INFOCOMM website). Areas in which performance fell short are either for the historical record (e.g. number of countries participating in UNCTAD XI) or require attention; in particular, the challenge in helping LDCs mainstream trade into their national development strategies requires the active involvement of many development partners, including UNCTAD.

As reported in Part Two, a number of projects and programmes were independently evaluated in 2005. Member States in September 2005 reiterated the importance of the evaluation process in UNCTAD, with the active participation of the secretariat, as part of the process of enhancing transparency and accountability. The UNCTAD self-evaluation plan is now incorporated into its programme budget for the 2006–2007 biennium. UNCTAD actively participates in the inter-agency UN Evaluation Group, and its two task forces on the country-level joint evaluations and on the "Quality Stamp" — an inter-agency peer review scheme on evaluation policy and practices. UNCTAD's expertise in evaluation has also been recognized outside: it extends technical assistance to Asia-Pacific Economic Cooperation (APEC) in its evaluation of capacity-building activities.

Member States also welcomed the independent in-depth evaluation of the training courses on key international economic issues (paragraph 166 of the Bangkok Plan of Action). The evaluation demonstrated that the integrated and coordinated approach makes the courses quite distinct from other trade-related training activities (see Part Two, section 5).

4. Supporting capacity-building

UNCTAD's technical cooperation is the principal means for the organization to directly assist beneficiary countries in their development. Underpinned by the technical cooperation strategy adopted by the TDB in 2003 and reiterated in 2004 and 2005,[40] UNCTAD's technical cooperation is being shaped by a number of elements:

- The implications of the São Paulo Consensus, which both establishes technical cooperation as one of the main instruments for achieving the goals of UNCTAD XI and sets out the main areas and priorities for such cooperation;

- The ongoing reforms in UN development operations that emphasize the role of country-level activities under the leadership of the UN Resident Coordinators; this has significant implications for UNCTAD as a non-resident agency without field offices and for its role in inter-agency programmes such as the Integrated Framework, which are inherently country-intensive;

- These reforms also seek to ensure the ownership of operations by beneficiaries, the sustainability and predictability of resources, and the assessment of the development impact of assistance; and

- The proliferation of bilateral, regional and international initiatives in the area of trade-related technical cooperation, involving an increasing number of international institutions and NGOs.

and the implications of such trends from the point of view of quality, dispersion of resources and coherence with the development strategies of beneficiary countries.

Some of these issues were reflected in the October 2005 TDB decision on UNCTAD's technical cooperation, including the role of such cooperation in operationalizing the São Paulo Consensus, the scope for improvements in fund-raising and the need for coherence in both content and delivery. There was a rich discussion at the Board on the strengths and weaknesses of UNCTAD's technical cooperation (see box 32).

As reflected in Part Two, demand remains strong for UNCTAD's technical cooperation in areas of economic governance and institution-building such as Customs automation (ASYCUDA), debt management (DMFAS), competition law and policy, investment and related issues such as science and technology. Donors' support and developing countries' demand continue to be steady in the areas of assistance and training for regional and multilateral trade negotiations, trade and environment issues and trade facilitation.

Contributions to UNCTAD trust funds amounted to $34.8 million in 2005; this represents an increase of some 30 per cent over the level of 2004 contributions. Slightly more than half of total contributions were provided by developed countries. Slightly less than one third was provided by developing countries themselves, largely to finance UNCTAD's services in their own countries (see table 2). A total of over 100 countries and organizations contributed to UNCTAD's technical cooperation programme in 2005. The number of UNDP-financed projects carried out by UNCTAD fell further in 2005 to their lowest ever level. The United Nations Development Account provides an important source of funding for UNCTAD's technical cooperation (box 33).

Box 32. Strengths and weaknesses in UNCTAD's technical cooperation

Secretariat reports to the Working Party and the TDB itself have identified a number of issues:

- The appreciation of beneficiaries and the continued support of donors for specific well-targeted technical cooperation activities that provide high-quality services unavailable from other sources.
- UNCTAD successfully "customizes" its operations in accordance with beneficiaries' priorities and needs.
- While UNCTAD's assistance is flexible in accommodating new issues such as those contained in the São Paulo Consensus and is accountable to donors through specific project reporting, the relatively large number of small-scale projects means, first, higher management costs, and second, weakening of the overall impact of UNCTAD's technical cooperation at the country, regional or global level.
- The unpredictability of voluntary contributions inhibits proper planning and use of resources.
- The long-term goal of developing institutional and negotiating capacities is often at odds with immediate needs addressed by short-term operations.

These challenges will need to be overcome if UNCTAD is to both keep abreast of new trade and development topics and to maintain effectiveness as regards the impact of its work on development.

Technical cooperation activities are carried out on the basis of specific country, regional and interregional projects. In 2005, total expenditures amounted to approximately $30 million, excluding programme support costs. Roughly half of this amount was incurred through interregional projects that are shaped

according to the thematic expertise of UNCTAD and benefit all developing countries and regions. It is estimated that about one third of overall activities directly benefited least developed countries.

Box 33. UNCTAD: UN Development Account projects

Apart from residual activities on two second-tranche projects, UNCTAD completed in 2005 two third-tranche projects, namely:

- Capacity-building on key issues on the international economic agenda;
- Capacity-building through training in dispute settlement in international trade, investment and intellectual property.

Fourth-tranche projects approved by the General Assembly in December 2003 and initiated in 2004/2005 are as follows:

- Capacity-building for debt sustainability in developing countries;
- Strengthening capacity in developing countries for meeting Millennium Development Goals through policies and actions in trade and trade-related areas;
- Capacity-building in trade and transport facilitation for landlocked and transit developing countries;
- Capacity-building for developing countries' investment promotion agencies in investment promotion through public–private partnership and negotiation of international investment agreements.

Fifth-tranche projects approved by the General Assembly in December 2005 are as follows:

- Capacity-building for information and communication technology measurement and policy;
- Capacity-building for policymaking on the promotion and application of science and technology to meet the Millennium Development Goals;
- Developing local capacities in Africa for identification of growth opportunities through resource mobilization;
- Strengthening national capacities for home-grown economic policies through a network of the UNCTAD Virtual Institute.

Table 2. Voluntary contributions to UNCTAD technical cooperation trust funds 2001–2005 (thousands of dollars)

Table 2A *2001–2004 annual average*		Table 2B *2005*	
United Kingdom	3 002	Norway	4 690
Norway	2 966	United Kingdom	2 662
Switzerland	1 574	Netherlands	1 576[b]
Sweden	1 466	France	1 522[b]
France	1 326	Sweden	1 305
Belgium	893	Switzerland	1 108
Netherlands	777	Germany	821[b]
Italy	656	Spain	481
Finland	538	Italy	434[a,b]
Germany	340	Ireland	314
Japan	253	Canada	287
Denmark	185	Denmark	236
Canada	176	Japan	168
Luxembourg	174	United States	140[c]
Other developed countries	466	Other developed countries	113
European Commission	1 183	European Commission	2 888
Developing countries and economies in transition[d]	4 969	Developing countries and economies in transition	10 457
International organizations[e]	1 261	International organizations[e]	4 923
Contributions from other sources[f]	681	Contributions from other sources[f]	682
TOTAL	22 886	TOTAL	34 807

[a] In addition to this, the Government also provides support to associate experts through UNDESA.
[b] An additional $294,109 has yet to be allocated.
[c] In addition, the United States is contributing to the DMFAS project in Iraq through a joint operation with Ernst and Young Consultants.
[d] This represents mainly contributions by developing countries for UNCTAD technical cooperation activities in their own countries, generally financed through loans from the World Bank or regional development banks and/or domestic budgetary resources.
[e] UNCTAD also implements UNDP projects and received allocations totalling $1,908,093 in 2005 ($4,058,278, annual average in 2001–2004).
[f] Foundations and miscellaneous.

5. Building intergovernmental consensus

As described in Part Two, the intergovernmental process in 2005 provided impetus to UNCTAD's policy analysis and research programme and to its technical cooperation activities on the ground. Highlights of the year include a contribution to the Millennium Summit, reported on in Part One above, from the TDB and its three Commissions, and the servicing of the Fifth UN conference on

competition policy, reported on in Part Two.

In addition to the meetings listed at the beginning of this report, the secretariat substantively and logistically serviced the meeting of the Commission on Science and Technology for Development, which reports to ECOSOC; the second and third parts of the United Nations Conference for the Negotiation of a Successor Agreement to the International Tropical Timber Agreement; the United Nations Conference for the Negotiation of a Successor Agreement to the International Agreement on Olive Oil and Table Olives; and the Fifth UN Conference to Review All Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices. The latter meeting also involved the coordination of various support services provided by outside entities and the management of side events that took place on the occasion of the Conference.

Overall, more than 3,000 people attended UNCTAD intergovernmental meetings in 2005.

It has not yet proved possible to reach a consensus, in 2005, on arrangements for the regular financing of the participation of experts from developing countries and transition economies in UNCTAD expert meetings. Voluntary contributions provide some support. However, many delegations remain of the view that predictable and secure funding for the financing of the participation of experts is essential in order to secure the broad representation of experts in expert group meetings necessary for the effective functioning of the UNCTAD intergovernmental machinery. The Secretary-General of UNCTAD is undertaking consultations to try to find a durable solution to this matter.

6. Reaching the media, the public and civil society

Press. During 2005, UNCTAD sought to reach out to a wider audience, improve the quality of coverage, foster internal access to news and information, and enhance staff communication skills.

- *Reaching a wider audience.* UNCTAD can now reach a wider group of relevant outlets and journalists, thanks to a 20 per cent increase in its press database. Similarly, the mailing list of contacts with civil society and the public at large has been broadened. The quarterly *UNCTAD E-News* is available online; hard copies are distributed in developing countries where access to the Internet is difficult. Nine *Issues in Brief*[61] were issued on UNCTAD's ICT activities for the World Summit on the Information Society (Tunis, November 2005).

- *Improving the quality of coverage of UNCTAD's work.* A major effort was made to better target journalists and outlets, with special attention being given to the promotion of UNCTAD's flagship reports and other major publications so as to reinforce the corporate image. The volume and the quality of media coverage registered in relation to some of the reports strengthened their position as authoritative publications. In 2005, UNCTAD issued 53 press releases, 42 information notes and 16 E-Briefs. It organized 24 press conferences in Geneva and 82 press conferences elsewhere, all of the latter for the purpose of promoting UNCTAD'S flagship reports. A total of 6,000 press clippings were collected on various UNCTAD activities — a fraction of all articles published worldwide.

Internet. Reaching the public is now heavily dependent on the Internet. The new design of the UNCTAD website attracted 50 per cent more visits in 2005 than in 2004 (from 4 million to 6.1 million). The statistics section is the most visited page on the website (21 per cent), after the home page (26 per cent) and followed by the digital library (19 per cent). Specific websites were developed in 2005 for the World Summit on the Information Society as well as for the Fifth United Nations Conference on competition policy.

The number of downloads of PDF versions of documents has risen by over 50 per cent since 2003. It increased by over 20 per cent in 2004, to reach 10 million downloads in 2005. In 2005, there were 5.5 million downloads of the major UNCTAD publications, over a million downloads of official documents for TDB and other intergovernmental meetings, and over three million downloads of UNCTAD newsletters and other non-official documents. The increased number of downloads is attributable to a number of factors, including greater accessibility to UNCTAD documents and increased interest in UNCTAD's work and sources of information, especially statistics. However, in spite of the growing spread of PC's with Internet access in developing countries, UNCTAD's ability to reach the interested reader in the South remains constrained by limited access in many countries, especially in Africa.

Civil society. As reported in Part Two, UNCTAD continues to extend its collaboration with a very wide range of civil society organizations. In 2005, a series of more formal events demonstrated yet again the mutual benefits of close working relations for both UNCTAD and civil society organizations:

- The civil society/UNCTAD consultations on 20 May 2005, involving over 40 participants from civil society organizations, facilitated better understanding of UNCTAD's work on such issues as FDI, services liberalization, intellectual property, commodities, agricultural liberalization and the organization's contribution to achieving the MDGs.

- The hearings with civil society and the private sector as part of the regular TDB session hearings enabled an informal exchange among member States, civil society organizations and private sector representatives on issues before the current session of the TDB, including the lessons learned from a decade of economic reform programmes, developments in the Doha round of trade negotiations, and interdependence from a trade and development perspective.

- The total number of NGOs/CSOs that have observer status with UNCTAD is now 197, including five new NGOs granted observer status in 2005.

- A compendium of UNCTAD partnerships and projects with civil society and the private sector was published in September 2005. It provides information on examples of concrete cooperation with other stakeholders and directs readers to relevant sites and links for further details on these activities.

- About 500 NGOs, trade unions, parliamentarians, academics and private sector entities were informed regularly about UNCTAD's publications and activities by the CSO Newsletter.

Subprogramme/ Objective		Expected accomplishment	Indicator of achievement/Target		Achievement 2004	Achievement 2005	Achievement 2004-2005	Above/below target
M provide leadership l management to ble UNCTAD to be urther service to its mber States and to lement the ndates provided	a	Increased recognition by member States of the relevance of UNCTAD work	Number of member States represented at the Conference	160 countries at UNCTAD XI	155 countries present at UXI	Not applicable	155 countries present at UXI	Below
	b	Management provided to effectively implement the mandates	Number of recommendations arising from evaluations endorsed by UNCTAD intergovernmental bodies	15 recommendations	No evaluation for 2004	22 recommendations	22 recommendations	Above
	c	Improvement in the mainstreaming of a gender perspective in the work of UNCTAD	Increase in the number of initiatives and cooperation activities incorporating a gender perspective	12 initiatives	7 initiatives	1 initiative	8 initiatives	Below
bprogramme 1A DS) contribute to rnational debate the evolution and nagement of the sequences of balization and to mote policies and tegies at the onal, regional and rnational levels are conducive to tained economic wth and tainable elopment.	a	Increased understanding of problems related to the evolution and management of globalization and to global interdependence, and their implications for development policies and prospects	Interventions and other forms of feedback from member States and direct beneficiaries that reflect their views on practical value and impact of analyses and policy recommendations on the development prospects of developing countries	30 interventions and comments	17 interventions and comments	14 interventions and comments	31 interventions and comments	Above
	b	Increased understanding by member States and the international community of the resource requirements of the developing countries, causes and trends of their external indebtedness and possible options to solve their debt problems	Member States' views on the practical value and impact on the development prospects of developing countries of policy recommendations, as expressed in interventions at meetings of UN bodies and other forms of feedback from member countries and direct beneficiaries	20 interventions and comments	25 interventions and comments	19 interventions and comments	44 interventions and comments	On target
	c	Improvement in the ability of policymakers to design appropriate policies, efficient management of debt through utilization of DMFAS in developing countries, and strengthened capacity of developing countries to record, monitor and analyse their external and domestic debt	Satisfaction by users as measured by the number of institutions using DMFAS	90 institutions	91 institutions	96 institutions	96 institutions	Above

Subprogramme/ Objective		Expected accomplishment	Indicator of achievement/Target		Achievement 2004	Achievement 2005	Achievement 2004-2005	Above/below target
	d	Improved understanding by public and private institutions of issues related to Palestinian development in the context of the multilateral trading system, increased public awareness of UNCTAD technical assistance to the Palestinian people, and its research and analysis on Palestinian economic development	The rate of positive response to surveys	70 per cent positive response rate	80 per cent	80 per cent	80 per cent	On target
	e	Improvement in the ability of policymakers to design appropriate policies; strengthened institutional and managerial capacity at senior and middle levels of the Palestinian Authority in planning, policymaking and implementation in areas related to trade policy and strategies, competition, trade facilitation, financial and debt management, development planning, investment promotion and enterprise development	Policies and measures taken by the Palestinian Authority, drawing on UNCTAD recommendations and the use of UNCTAD technical cooperation projects	10 policies and measures	6 policies and measures	4 policies and measures	10 policies and measures	On target
Subprogramme 1B (Africa) To increase understanding of the economic development problems of Africa and to promote action required at the national, regional and international levels for the acceleration of African development and fuller participation and positive integration of African countries into the world economy.	a	Increased understanding of the problems faced by Africa in the areas of trade, financial flows, debt, structural adjustment and supply capacity, and contribution to national and international policy choices to promote African development in the areas of expertise of UNCTAD	(i) Increase in the number of articles and interviews in the media	50 articles and interviews	140 articles and interviews	100 articles and interviews	242 articles and interviews	Significantly above
			(ii) Requests for documentation by outside users, including sales and downloads from the website	20,000 copies sold or times downloaded	37,400 copies or downloads	21,100 copies or downloads	58,500 copies or downloads	Significantly above
	b	Improved inter-agency cooperation and coordination on various inter-governmental and inter-agency initiatives with regard to Africa	Increased number of cross-sectoral activities and contributions in the form of studies and technical papers through inter-agency activities in support of NEPAD	5 activities and outputs	2 activities and outputs	3 activities and outputs	5 activities and outputs	Below

Subprogramme/ Objective		Expected accomplishment	Indicator of achievement/Target		Achievement			Above/below target
					2004	2005	2004-2005	
Subprogramme 2 (DITE) To improve understanding of issues and policy choices in international investment, enterprise internationalization and technology transfer, to strengthen developing countries' abilities to formulate and implement policies, measures and action programmes in those areas, and to promote understanding of emerging issues in order to strengthen those countries' ability to participate in discussions and negotiations, with a view to increasing beneficial international investment flows to developing countries and the benefits they derive from those flows.	a	Improved ability of policymakers to design appropriate policies and strategies in order to attract and benefit from foreign investment	(i) Usefulness and relevance of investment-related analysis assessed by readers of publications through readership surveys	90 per cent of survey replies	90 per cent	90 per cent	90 per cent	On target
			(ii) Positive assessment by experts of the usefulness and relevance of investment-related analysis and policy advice	15 book reviews of publications	7 book reviews	8 book reviews	15 book reviews or publications	On target
	b	Improved ability of policymakers to design appropriate policies and strategies to attract and benefit from foreign direct investment, and to understand the development dimension of international investment agreements	(i) The extent to which policy recommendations were put into practice by developing countries	90 per cent of recommendations	90 per cent	90 per cent	90 per cent	On target
			(ii) Positive assessment by beneficiary Governments on the relevance and usefulness of policy advice and technical assistance in the area of investment	30 communications of appraisals from Governments	15 communications	16 communications	31 communications	On target
	c	Improved ability of developing and transition countries to design appropriate policies and strategies; to deepen linkages between domestic and foreign firms with a view to maximizing the positive impact of foreign direct investment; to improve corporate governance and corporate social responsibility; to set international standards or guidelines; and to increase benefits from technology transfer	(i) Increase in the number of cases where standards or guidelines resulting from UNCTAD work have been applied, used for formulation of policies and programmes or agreed to by expert professional bodies	50 cases	Increase of 5 cases	Increase of 2 cases	52 cases	On target
			(ii) Increase in the sustainability of technical cooperation project for promoting entrepreneurship (EMPRETEC) centres established	50 per cent sustainability rate	60 per cent sustainability rate	60 per cent sustainability rate	60 per cent sustainability rate	On target

Subprogramme/ Objective		Expected accomplishment	Indicator of achievement/Target		Achievement			Above/below target
					2004	2005	2004-2005	
Subprogramme 3 (DITC) To improve understanding of current and emerging issues in international trade of concern to developing countries and to enhance ability to address those concerns in the areas of agriculture, services, electronic commerce, competition law and policy and the trade-environment-development nexus, with a view to assisting developing countries to integrate themselves more fully into, and derive benefits from, the international trading system and to increasing their participation in world trade.	a	Strengthened capacities of developing countries and countries with economies in transition to formulate, articulate, and implement appropriate policies and strategies to participate effectively in, and derive maximum benefit from, international trade and, in particular, multilateral trade negotiations, as well as in achieving progress in the process of accession to WTO	(i) The quality, usefulness and timeliness of research and analysis that is directly relevant to multilateral trade negotiations, as assessed by participants in intergovernmental meetings, measured by the percentage of ratings as "excellent" and "good"	85 per cent of survey replies	88 per cent	100 per cent	88-100 per cent	On target
			(ii) The impact and usefulness of technical cooperation activities in this area, as measured by the number of events assessed positively by the direct beneficiaries	80 events	35 events (revised from 68 events reported previously)	45 events	80 events	On target
	b	Increased awareness of factors underlying developments in international trade and of the impact of trade policies, and increased capacity to implement trade policy tools that make development policies more effective	(i) Increased interest in and use of research and analysis by end users expressed by the number of publications requested in addition to those distributed under regular mailing list	150 publications requested	160 publications (revised from 120 as reported previously)	80 publications	240 publications	Significantly above
			(ii) Increased use of online Trade Analysis and Information System (TRAINS) database	30,000 times used per month	27,000 hits per month (revised from 30,000 reported previously)	About 30,000 to 32,000 hits per month	Increase from 27,000 per month in early 2004 to 32,000 in late 2005	Above
	c	Strengthened capacity of developing countries to enhance the contribution of their commodity production and trade to sustainable development and economic diversification, to apply modern commodity price risk management and financial instruments and to promote greater participation in value-added chains	(i) Interest in and use of analytical work and information on commodities expressed by the number of hits per month on the Infocomm website	350,000 visits per month	Estimated 400,000 visits per month	5,800,000 hits per month	5,800,000 hits per month	Very significantly above
			(ii) Increase in the percentage of beneficiaries' responses indicating advice was "very useful" or "useful" regarding the quality and usefulness of technical advice	85 per cent of survey replies	85 per cent	95 per cent	95 per cent	Above

Subprogramme/ Objective		Expected accomplishment	Indicator of achievement/Target		Achievement			Above/below target
					2004	2005	2004-2005	
Subprogramme 3 (DITC) - cont'd	d	Increased understanding of developing countries and countries with economies in transition for dealing with competition and consumer protection issues, with due attention also to gender dimension	(i) Increase in the percentage of ratings as "excellent" and "very good" regarding the usefulness of reports and publications in relation to the work of the participants in the meeting of the Intergovernmental Group of Experts on Competition Law and Policy	75 per cent of survey results	90 per cent (revised from 80 per cent reported previously)	Not applicable	90 per cent	Above
			(ii) The number of countries in which progress is made in preparation or adoption of competition legislation through UNCTAD technical assistance	10 countries requesting assistance in legislative process	5 countries	5 countries	10 countries	On target
	e	Increased awareness and ability of developing countries to develop mutually supportive trade, environment and development policies at the national and multilateral levels, with due consideration to gender equality in discussions and decision-making	The practical value and impact of policy recommendations for mutually supportive trade, environment and development policies, as expressed by the number of references to findings and recommendations from UNCTAD intergovernmental meetings in WTO, WIPO and multilateral environmental agreements	60 references	30 references (revised from 40 reported previously)	35 references	75 references	Above target
Subprogramme 4 (SITE) To enhance the capacity of developing countries and countries with economies in transition to improve their competitiveness in international trade by building an efficient trade-supporting services infrastructure, including through the use of information technologies	a	Improved trade logistics, by strengthening of transport efficiency, trade facilitation, customs and legal framework in developing countries and an improved understanding of policy and strategy options through research, technical cooperation and human resource development	(i) Satisfaction with the usefulness and the quality of research and analysis for improving the understanding of policy and strategy options, as measured by the percentage of readers' feedback rating the *Review Of Maritime Transport* as "good" or "excellent"	90 per cent of survey replies	92 per cent of survey replies	97 per cent of survey replies	92-97 per cent of survey replies	Above
			(ii) The degree of implementation, effectiveness and impact of technical cooperation activities, as assessed by the average improvement in cargo clearance times after ASYCUDA is installed (measurement relates to before and after installation of the system)	50 per cent improvement in cargo clearance times	82 per cent (average of Zimbabwe 93 per cent, Zambia 88 per cent per cent, Albania 66 per cent)	94 per cent improvement	82-94 per cent overall improvement	Above

Subprogramme/ Objective		Expected accomplishment	Indicator of achievement/Target		Achievement 2004	Achievement 2005	Achievement 2004-2005	Above/below target
Subprogramme 4 (SITE) - cont'd	b	More effective human resource development and capacity-building and an improved understanding of policy options and strategies in the areas of trade, trade-supporting services and investment, taking into consideration the gender dimension of the access to and use of trade-supporting services in beneficiary countries of technical assistance, through extended training networks and the use of modern information and communication technologies tools	The timeliness, usefulness, degree of implementation and quality of the subprogramme's training programme, as measured by the percentage of participants and their governmental departments that have indicated that the course had a substantial positive impact on their work	65 per cent of survey replies	80 per cent (revised from 73 per cent reported in 2004 report)	90 per cent	85-90 per cent	Above
	c	An improved awareness of the implications for developing countries of the growing importance of electronic commerce and other business applications of ICTs, as well as better understanding in developing countries of the policy and strategy options with regard to these issues	Satisfaction with the usefulness and the quality of research and analysis for increasing awareness of the implications, as measured by the percentage of readers' feedback rating the *E-Commerce and Development Report* as "good" or "excellent"	80 per cent of survey replies	93 per cent (for 2003 for 2003 report)"("2003 report issued in Dec. 2004)	96 per cent (for 2004 report, issued in Dec. 2004)	About 95 per cent	Above
Subprogramme 5 (LDCs) To contribute to the progressive and beneficial integration and participation in the global economy and international trading system of least developed countries, landlocked developing countries and small island developing States, including through the implementation of the outcomes of the Third United Nations Conference on the Least Developed Countries and contribution to the Integrated Framework for Trade-related	a	Effective implementation of various programmes of action for the least developed, landlocked developing and small island developing States	(i) Relevance of findings to the achievement of the goals of various programmes for LDCs, LLDCs and SIDS, as captured through the number of countries making positive statements during the relevant TDB sessions	48 countries	18 countries, including group statements	42 countries	60 countries	Above
			(ii) Relevance of findings resulting from policy analysis and research activities on LDCs, LLDCs and SIDS as captured through the number of coverage of statements by the mass media	70 articles	150 articles now corrected to 133 articles	Not applicable	133+ articles	Above
	b	Application of the subprogramme's policy advice, capacity-building and technical cooperation activities on LDCs	(i) The number of countries that benefited from and used in their policy formulation UNCTAD assessment of effective benefits from their LDC status	15 countries	Information available in 2005	9 countries	9 countries	Below
			(ii) The number of countries having mainstreamed their trade policies and priorities into their national development strategies	5 countries	3 countries	6 countries	9 countries	On target
	c	Effective implementation of the Global Framework for Transit Transport Co-	Reduction in transit times for goods in transit to and from	15 per cent	Several cases show reductions	Several cases show reductions	Several cases show reductions	Not measurable

Technical Assistance to Least Developed Countries, and to contribute to the graduation of the least developed countries by meeting objective criteria as agreed intergovernmentally.		operation between Landlocked and Transit Developing Countries and the Donor Community by the Member States, in the light of the outcomes of the International Ministerial Meeting of Landlocked and Transit Developing Countries and International Financial and Development Institutions on Transit Transport Cooperation, in Kazakhstan in 2003	landlocked developing countries as compared with the base year of 1999		in transit time; others show worsening of transit-transport arrangements	in transit time; others show worsening of transit-transport arrangements	in transit time; others show worsening of transit-transport arrangements	

Selected UNCTAD programmes by country/region 1

- DMFAS (Debt Management and Financial Analysis System)
- Investment Policy Review
- HDR (TRAINFORTRADE, para. 166, Virtual Institute Network)
- Enterprise development
- I-GUIDE (Investment Guide)
- LIP (other investment/Investment Promotion)
- EMPRETEC

Selected UNCTAD programmes by country/region 2

- ASYCUDA
- Trade: trade commercial diplomacy, accession to WTO and trade-related capacity-building
- Competition law and policies
- IF (Integrated Framework for Trade-related Technical Assistance)
- JITAP
- Trade facilitation

Notes

[1] See Part Two, section 5, and http://www.unctadxi.org/templates/Startpage____2774.aspx, the special website for UNCTAD's contribution to WSIS.

[2] Entitled "South and East: Leading the World Economy".

[3] TDB Decision 482 (LII) of 7 November 2005 and General Assembly resolution 60/184 of 31 January 2006.

[4] UNCTAD/TDR/2005, Sales No. E.II.05.D.13, 1 September 2005.

[5] UNCTAD/GDS/MDPB/2005/1.

[6] See Report of the Secretary-General, A/60/139.

[7] UNCTAD/GDS/Africa/2005/1, September 2005, Sales No. E.05.II.D.12.

[8] See also TD/B/EX(35)/2, "Activities undertaken by UNCTAD in favour of Africa", 2005.

[9] TD/B/51/3.

[10] UNCTAD/WIR/2005, Sales No. E.05.II.D.10.

[11] UNCTAD/ITE/IIA/2005/1 - E.05.II.D.20, 11 June 2005.

[12] Published as part of the Global Investment Prospects Assessment (GIPA), UNCTAD/ITE/IIT/2005/7 - E.05.II.D.32.

[13] Christiansen, H. *ODA and Investment for Development: What Guidance can be drawn from Investment Climate Scoreboards?*, OECD Working Papers on International Investment, 2005.

[14] UNCTAD/ITE/IPC/2005/4.

[15] For Argentina, Chile, China, India, Malaysia, the Republic of Korea, the Russian Federation, Singapore, Slovenia, South Africa, Thailand and Turkey.

[16] For a fuller citation of activities, see the DITC *Activity Report 2005* (UNCTAD/DITC/MISC/2005/21) and "Progress report on the implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up" (TD/B/COM.1/78).

[17] As reported in box 14 of the *Annual Report 2004*.

[18] UNCTAD/DITC/TNCD/2004/7.

[19] See "Report of the Expert Meeting on Strengthening Participation of Developing Countries in Dynamic and New Sectors of World Trade: Trends, Issues and Policies" (TD/B/COM.1/EM.26/3).

[20] See "Report of the Expert Meeting on Dynamic and New Sectors of World Trade" (TD/B/COM.1/EM.28/5).

[21] UNCTAD/DITC/TAB/2005/1.

[22] See conference report, TD/RBP/CONF.6/15.

[23] A harmonized standard applied by large European retailers that may gradually overcome multi-tier standards of individual retailers that are a major market entry hurdle and a significant cost factor, in particular for producers from developing countries.

[24] "Trade and development", Report of the Secretary-General of the United Nations (A/60/225).

[25] "Follow-up to and implementation of the outcome of the International Conference on Financing for Development", Report of the Secretary-General of the United Nations" (A/60/289).

[26] "Review of developments and issues in the post-Doha work programme of particular concern to developing countries", Report of the Secretary-General of UNCTAD (TD/B/52/8).

[27] See "Report of the Commission on Trade in Goods and Services, and Commodities on its Ninth Session" (TD/B/COM.1/73).

[28] See respectively "Report of the Expert Meeting on Dynamic and New Sectors of World Trade" (TD/B/COM.1/EM.28/5), "Report of the Expert Meeting on Methodologies, Classification, Quantification and Development Impacts of Non-Tariff Barriers (TD/B/COM.1/EM.27/3) and "Report of the Expert Meeting on Distribution Services" (TD/B/COM.1/EM.29/3).

[29] UNCTAD/DITC/TAB/POV/2005/1.

[30] UNCTAD/DITC/TNCD/2004/7.

[31] UNCTAD/DITC/CLP/2005/5.

[32] UNCTAD/DITC/CLP/2005/6.

[33] UNCTAD/DITC/COM/2005/2.

[34] UNCTAD/DITC/COM/2005/7.

[35] UNCTAD/DITC/COM/2005/9.

[36] MAST currently has information on Afghanistan, Albania, Andorra, Argentina, Australia, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium, Bolivia, Brazil, Cambodia, Canada, Chile, Colombia, Costa Rica, Denmark, the Dominican Republic, the European Union, Fiji, Finland, France, Germany, Greece, Guatemala, Honduras, India, Indonesia, the Islamic Republic of Iran, Ireland, Italy, Japan, Kenya, Kiribati, MERCOSUR (Southern Common Market), Mexico, Nicaragua, Paraguay, the Republic of Korea, Salvador, Spain, Switzerland, Uganda, the United Kingdom, the United Republic of Tanzania, the United States, Uruguay and Venezuela.

[37] See "Report of the Expert Meeting on Methodologies, Classification, Quantification and Development Impacts of Non-Tariff Barriers" (TD/B/COM.1/EM.27/3).

[38] UNCTAD/RMT/2005, sales no: E.05.II.D.14.

[39] See the report of the expert meeting, TD/B/COM.3/EM.24/3.

[40] UNCTAD/SDTE/TLB/2005/1.

[41] http://www.gfptt.org.

[42] http://vi.unctad.org.

[43] "Evaluation of technical cooperation activities: In-depth evaluation of the training courses on key issues on the international economic agenda", TD/B/WP/182 and Add.1. The outcome of the discussion in the Working Party is available at http://www.unctad.org/en/docs/wpd182add1_en.pdf and http://www.unctad.org/en/docs/wpd182_en.pdf.

[44] http://www.unctad.org/trainfortrade.

[45] http://www.unctad.org/ecommerce.

[46] See http://ict.unctad.org.

[47] http://measuring-ict.unctad.org.

[48] See *Core ICT Indicators*, launched at WSIS and available at http://measuring-ict.unctad.org.

[49] For a full description of the initiative, see http://etourism.unctad.org. The website was launched in April 2005 in English, French and Spanish.

[50] Implementation of the Brussels Programme of Action, Report of the United Nations Secretary-General, A/60/81-E/2005/68, 23 May 2005.

[51] *The Least Developed Countries Report 2004: Linking International Trade with Poverty Reduction*, UNCTAD/LDC/2004, United Nations publication, sales no. E.04.II.D.27.

[52] See the background reports of the secretariat, namely UNCTAD-wide Activities in Favour of Least Developed Countries: Fourth Progress Report (TD/B/52/3); Erosion of Preferences for the Least Developed Countries: Assessment of Effects and Mitigating Options (TD/B/52/4); and the Progress Report on Implementation of the IF (TD/B/52/CRP2).

[53] See Agreed Conclusions 482 (LII) of 14 October 2005.

[54] Implementation of the Brussels Programme of Action, Report of the United Nations Secretary-General, A/60/81-E/2005/68, 23 May 2005.

[55] Angola, Benin, Burkina Faso, Burundi, Cambodia, Chad, Djibouti, Ethiopia, The Gambia, Guinea, Lao PDR, Lesotho, Madagascar, Malawi, Maldives, Mali, Mauritania, Mozambique, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Uganda, United Republic of Tanzania, Yemen and Zambia.

[56] See paragraph 68, *i–z*, of the Brussels Programme of Action (A/Conf. 191/11); Progress in the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001–2010: (a) Implementation of UNCTAD-wide Activities in favour of LDCs and (b) The Least Developed Country Status: Effective Benefits and the Question of Graduation, Draft Agreed Conclusions (TD/B/49/SC.1/L.2); and the Report of the Trade and Development Board on its Thirtieth Executive Session (TD/B/EX(30)/4).

[57] UNCTAD/LDC/2004/1.

[58] *Effective Participation of Landlocked Developing Countries in the Multilateral Trading System* (Parts I & II), UNCTAD/LDC/2005/3.

[59] A/RES/60/1 2005 World Summit Outcome, paragraph 65.

[60] Decisions 478 (L) of 10 October 2003, 481 (LI) of 14 October 2004 and 483 (LII) of 7 October 2005.

[61] The entire series is available on the UNCTAD website at http://www.unctadxi.org/templates/Startpage____2774.aspx.